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EDWARD V. REGAN
State Comptroller

STATE OF NEW YORK

ANNUAL REPORT OF THE COMPTROLLER

FOR THE FISCAL YEAR ENDING MARCH 31,

1985

COVER PHOTO: Statue of George Washington, Federal Hall, Wall Street, New York City.

Contents

OVERVIEW

New York State Organization Chart 6
Selected State Officials 6
Letter From the Comptroller 7

COMBINED FINANCIAL STATEMENTS

Report of Independent Auditors 17
Combined Balance Sheet —
All Fund Types and Account Groups (Exhibit A) 18
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances — All Governmental
Fund Types and Expendable Trust Funds (Exhibit B) 20
Combined Statement of Cash Receipts and
Disbursements — Budgetary Basis —
Financial Plan and Actual —
Governmental Fund Types (Exhibit C) 22
Combined Statement of Revenues, Expenses and
Changes in Equity — Nonexpendable Trust Funds,
State Administered Retirement Systems and
Public Benefit Corporations (Exhibit D)..... 24
Combined Statement of Changes in Financial
Position — Nonexpendable Trust Funds, State
Administered Retirement Systems and
Public Benefit Corporations (Exhibit E) 25
Notes to Combined Financial Statements 26

COMBINING FINANCIAL STATEMENTS

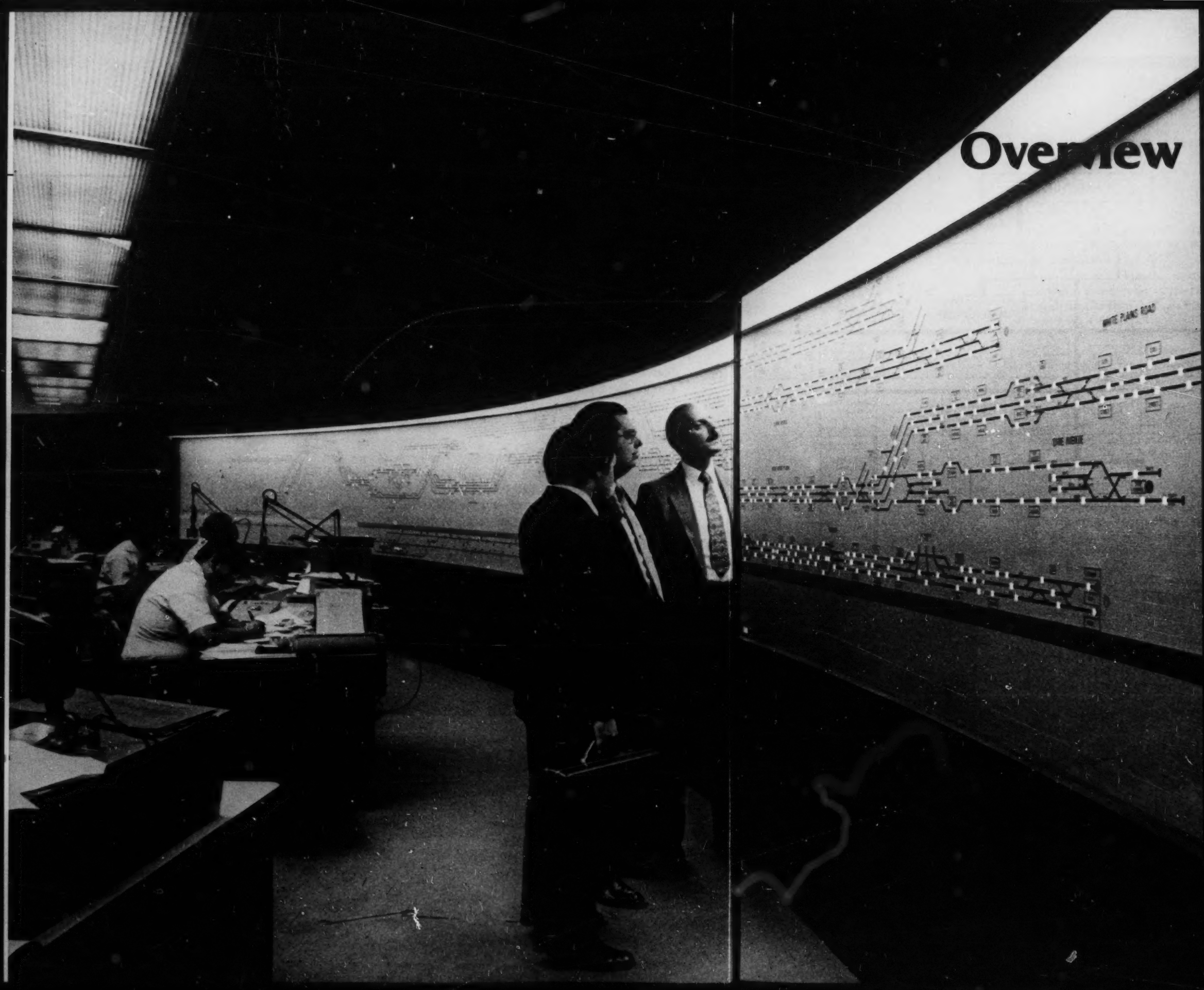
General Fund
Narrative and Charts 55
Combining Balance Sheet 56
Combining Statement of Revenues,
Expenditures and Changes in Fund Balances 60

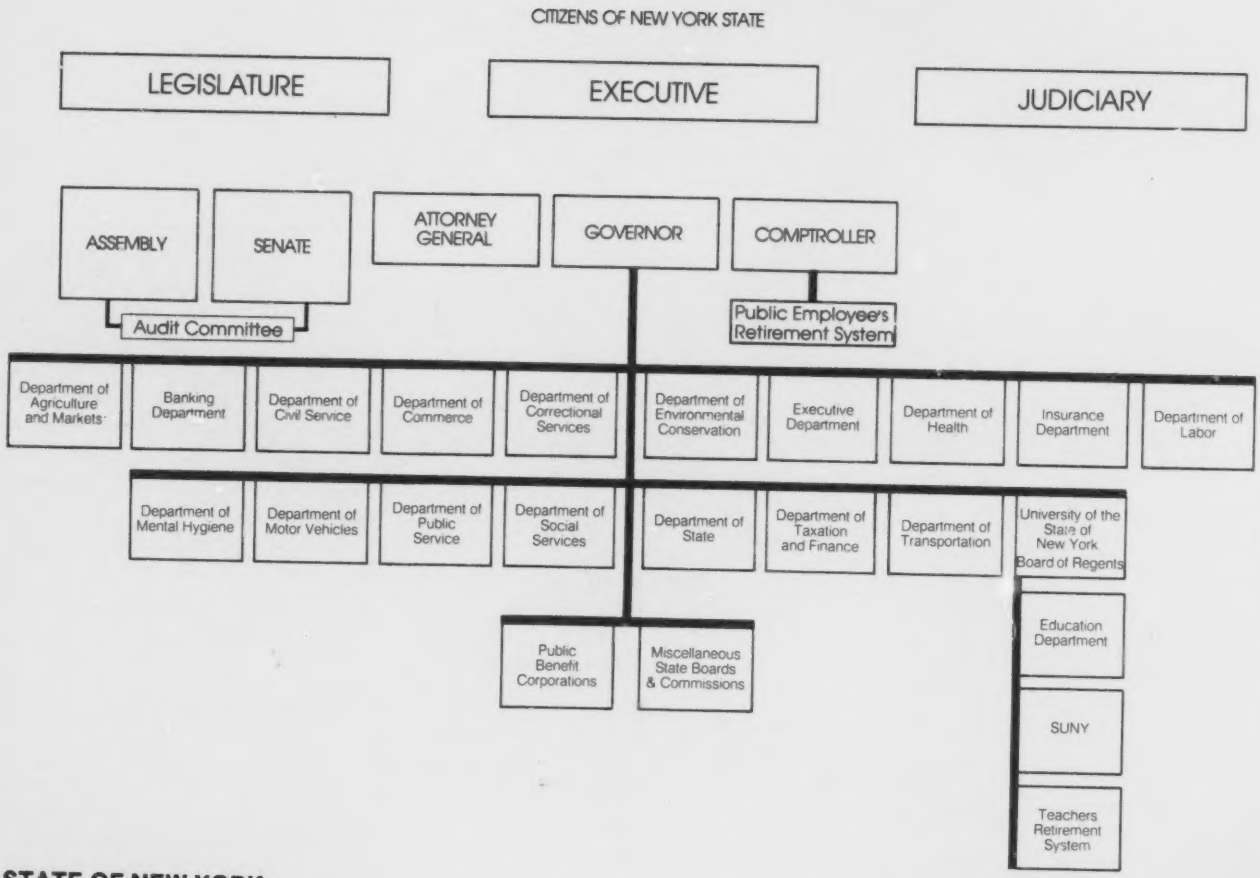
Special Revenue Funds
Narrative and Charts 65
Combining Balance Sheet 66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 70
Debt Service Funds
Narrative and Charts 75
Combining Balance Sheet 76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 78
Capital Projects Funds
Narrative and Charts 81
Combining Balance Sheet 82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 84
Trust and Agency Funds
Narrative and Charts 87
Combining Balance Sheet 88
Nonexpendable Trust Funds
Combining Statement of Revenues, Expenses and Changes in Equity 92
Expendable Trust Funds
Combining Statements of Revenues, Expenditures and Changes in Fund Balances 94

STATISTICAL SECTION

Schedule of Receipts, Disbursements and Other Financing Sources (Uses) — Budgetary Basis All Governmental Funds — for the Past Five Fiscal Years . 96
Schedule of Collections of Principal State Taxes 97
Schedule of State Related Debt Per Capita 97
Schedule of Demographic Statistics 98
Schedule of Ten Largest Industrial & Commercial Employers 98

Overview





STATE OF NEW YORK

Selected State Officials

Executive

Mario M. Cuomo, Governor

Edward V. Regan, Comptroller

Robert Abrams, Attorney General

Judicial

Sol Wachtler, Chief Judge

Court of Appeals of New York

Legislative

Warren M. Anderson, Temporary President of the Senate

Stanley Fink, Speaker of the Assembly

Manfred Ohrenstein, Senate Minority Leader

Clarence D. Rappleyea, Assembly Minority Leader

Letter from the Comptroller

To the Citizens, Governor and Members of the Legislature of the State of New York:

In accordance with Section 8(9) of the New York State Finance Law, I am pleased to present to you the *Comprehensive Annual Financial Report of the State of New York* for the fiscal year ended March 31, 1985. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Office of the State Comptroller. I am confident the data, as presented, is accurate in all material aspects; that it is presented in a manner which fairly sets forth the financial position and results of operations of the State as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the State's financial affairs have been included.

This report has been prepared in accordance with generally accepted accounting principles. The combined financial statements contained in this report have been examined by Peat, Marwick, Mitchell & Co. Their report confirms that the information is fairly presented, with the exception of general fixed assets, in accordance with generally accepted accounting principles.

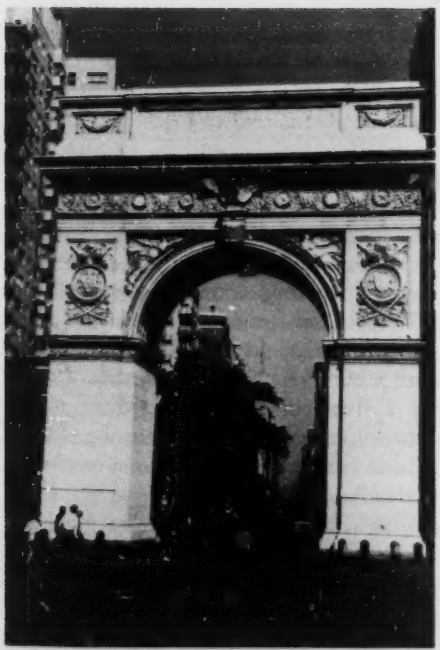
Fiscal Reform

In 1982 I converted the State's Central Accounting System to a GAAP-based accounting and reporting system. Since then my office has issued financial statements examined by the State's independent auditor. These financial statements have clearly illustrated my long standing concern that the State must take deliberate steps to reduce the accumulated General Fund deficit and spring borrowing. The State can no longer continue to incur annual operating deficits and huge short-term borrowings, especially in light of recent proposals at the Federal level to dramatically alter the tax system.

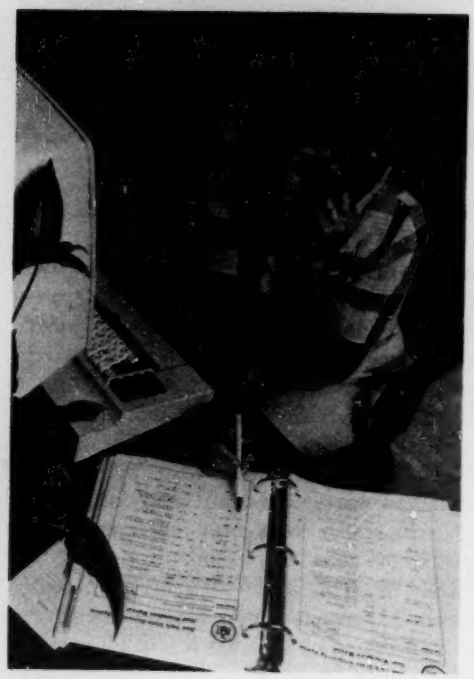
In fiscal years 1983-84 and 1984-85 the State had a General Fund accumulated deficit of $4.3 billion and $4.4 billion, respectively. Shortly after the close of each of these years the State issued $4.3 billion in tax and revenue anticipation notes to alleviate the cash flow shortage brought about partially by the deferral of current obligations into the next fiscal year. This practice has cost the State up to $250 million in financing charges each year.

During the 1985 session of the State Legislature, I proposed the following legislation, which was introduced by the Senate Finance Chairman, to put into effect a fiscal reform plan to attack and reverse the costly fiscal practices of previous years:

- A constitutional amendment requiring all proposed budgets to be balanced on a cash and GAAP basis. This proposal is intended to eliminate the growth in the annual Spring Borrowing by requiring the Governor to submit and the Legislature to enact a State budget balanced both on a cash basis and a GAAP basis. Furthermore, if a GAAP deficit should be incurred in any fiscal year due to unforeseen circumstances, steps are to be taken to eliminate the additional deficit within five years.
- A bill requiring the current educational aid rollover to be eliminated over a period of time by annually depositing a fixed sum of money in an



View through Washington Arch up Fifth Avenue, NYC



educational aid payment accumulation fund beginning with the fiscal year 1985-86. This measure also requires that all future school aid increases be funded on a current basis. This practice would totally eliminate the education aid rollover from the spring borrowing by the 1997-98 fiscal year, reducing such borrowing needs by almost two billion dollars.

- A bill gradually increasing the percentage of personal income tax refunds to be paid prior to the close of the fiscal year. This bill would require that, as of the close of each fiscal year, a specified percentage of the State's estimated liability for income tax refunds attributed to the prior calendar year either be paid to the taxpayers or, to the extent not paid, be deposited in a reserve fund. The current practice of "rolling over" payments of income tax refunds into the following fiscal year adds to the State's spring borrowing and unfairly forces the State's citizens to provide interest-free loans to the State.

For the past four years I've worked to bring about fiscal reform that will bring an end to huge borrowings and deficits. I will continue to speak out on these and other issues, encouraging this State to demonstrate a more responsible course of budgeting and fiscal policy.

Accounting Systems

The State's accounting records for governmental funds and expendable trust funds are maintained on a modified accrual basis, with revenues being recorded when measurable and available and expenditures being recorded when services or goods are received and the liabilities are incurred. Accounting records for nonexpendable trust funds are maintained on the accrual basis, while agency funds are accounted for on the cash basis which does not result in a material difference from the modified accrual basis.

In developing the State's accounting system, consideration was given to the adequacy of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits derived. I am confident that the State's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Process and Controls

The State Constitution requires the Governor to submit a cash basis balanced Executive Budget which contains a complete plan of expenditures for the ensuing fiscal year and all moneys and revenues sufficient to meet the proposed expenditures. Included in the proposed budget are provisions for spending authority for unanticipated revenues or unforeseen emergencies in accordance with statutory requirements. The Executive Budget also includes both cash basis and GAAP basis financial plans for the ensuing fiscal year as well as a five year financial projection for governmental funds and a five year capital plan. The accounting policies used in developing the GAAP basis financial plans are consistent with those used in preparing the annual GAAP financial statements.

The Legislature enacts appropriation bills and revenue measures embodying those parts of the Executive Budget it has approved. The Legislature may also enact a supplemental appropriation bill and numerous other appropriation bills as it deems necessary. Once the appropriation and

revenue bills become law, the cash basis and the GAAP basis financial plans are revised to reflect legislative actions. Generally, the financial plans are updated quarterly and the Governor is required to report to the Legislature showing a comparison of the actual year to date results with the revised plans and providing an explanation of any major deviations or significant changes to the financial plans.

Budgetary control is maintained at the program level by the encumbrance of estimated purchase amounts prior to the release of purchase orders and contracts to vendors. Purchase orders that result in an overrun of available balances are not released until budget revisions are approved or additional appropriations are made. Outstanding encumbrances are reported as reservations of fund balances at year end.

The Reporting Entity and its Services

The funds and entities included in our Comprehensive Annual Financial Report are controlled by or dependent on the State. Determination of "controlled by or dependent on" is based on criteria developed by the National Council on Governmental Accounting in their *Statement 3, Defining the Governmental Reporting Entity.* The criteria deals with the appointment of the board, designation of management, scope of public service and the ability to significantly influence operations. Based on these criteria the various funds and account groups shown in this report are considered to be part of the reporting entity.

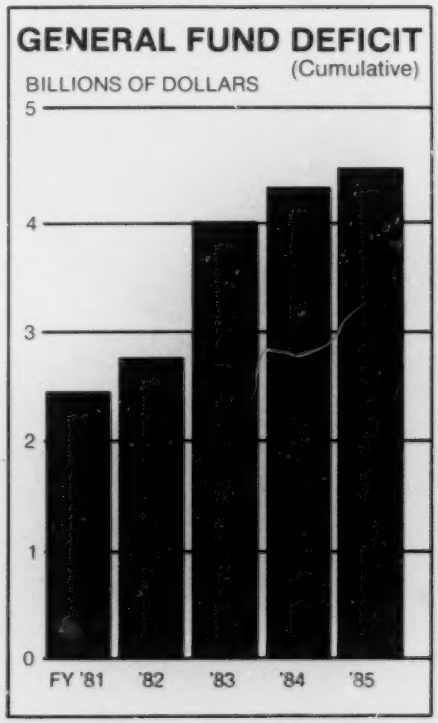
The State provides a comprehensive range of governmental services in the areas of education, social services, health and environmental services, transportation, mental health, housing and urban renewal, among others.

General Governmental Functions

The State completed its fiscal year ended March 31, 1985 with a combined governmental funds operating deficit of $26 million as compared to a combined governmental funds operating deficit for the preceding fiscal year of $450 million. The 1984-85 operating deficit of $26 million included an operating deficit in the General Fund of $106 million, offset by operating surpluses in the Special Revenue Funds of $57 million, Debt Service Funds of $17 million, and Capital Projects Funds of $6 million. The 1983-84 operating deficit of $450 million included operating deficits in the General Fund of $345 million, Special Revenue Funds of $37 million, Debt Service Funds of $39 million and Capital Projects Funds of $29 million.

The State's financial position as shown in its Combined Balance Sheet as of March 31, 1985 includes an accumulated deficit in its governmental funds of $3.425 billion represented by liabilities of $9.547 billion and assets of $6.122 billion available to liquidate such liabilities. The accumulated governmental funds deficit includes a $4.437 billion accumulated General Fund deficit, consisting of the $4.331 billion accumulated deficit at April 1, 1984 plus the $106 million operating deficit in the General Fund for fiscal 1985, offset by a net accumulated surplus of $1.012 billion for all other governmental funds.

The State's revenue sources were enhanced considerably by the economic recovery that was enjoyed in fiscal 1983-84 and carried over to fiscal 1984-85. Revenues and other financing sources of the general governmental functions totaled $32.827 billion for fiscal 1985, an increase of $3.659 billion (12.54%) over the revenues for fiscal 1984. The revenues from various sources, per Exhibit B, and the change from the previous year are shown in the following tabulation (amounts in thousands):



Revenues and Other Financing Sources	1985	1984	Increase/(Decrease) Over 1984 Actual Amount	Percent
REVENUES:				
Taxes:				
Personal income	$ 10,595,701	$ 9,411,726	$ 1,183,975	12.58%
General business	3,456,352	3,116,893	339,459	10.89%
Consumption and use	5,864,693	5,384,231	480,462	8.92%
Other	885,719	584,524	301,195	51.53%
Subtotal	20,802,465	18,497,374	2,305,091	12.46%
Federal grants	8,195,346	7,431,913	763,433	10.27%
Other:				
Lottery	1,200,904	900,034	300,870	33.43%
Tuition and fees	705,723	639,097	66,626	10.43%
Patient fees	401,099	408,318	(7,219)	(1.77%)
Miscellaneous	1,247,395	996,000	251,395	25.25%
Subtotal	3,555,121	2,943,449	611,672	20.78%
Total revenues	32,552,932	28,872,736	3,680,196	12.75%
OTHER FINANCING SOURCES:				
Proceeds from bonds and financing agreements	274,075	294,971	(20,896)	(7.08%)
Total revenues and other financing sources	**$ 32,827,007**	**$ 29,167,707**	**$ 3,659,300**	**12.54%**

Revenues 1985

The economic surge was highlighted by increases in revenues of $3.7 billion. The major increases included:

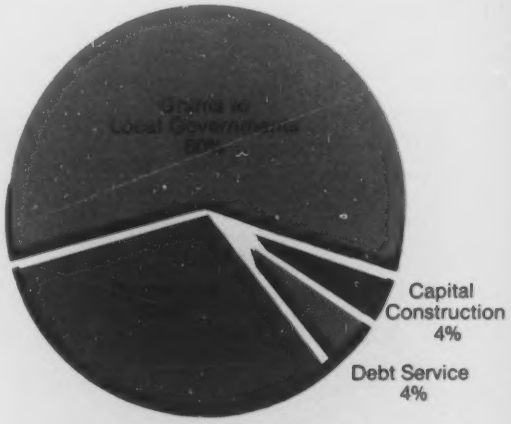
- $1.184 billion for personal income tax, primarily attributable to increased withholding and estimated tax collections. Delinquency collections have increased reflecting improvement in both Federal and State collection efforts. Personal income tax refunds have increased at a lower rate than withholdings and estimated payments thereby only partially offsetting increased income taxes.
- $339 million for general business taxes and reflects the strong growth in pretax corporate profits for the year which were directly reflected in the growth in tax collections during fiscal year 1984-85.
- $480 million in consumption and use taxes which is the result of growth in taxable retail sales such as automobiles and durable goods. Motor vehicle taxes increased due to increased vehicle registration and the first full-year impact of the 1983 registration fee increases. In addition, highway use taxes increased as a result of an increased demand in trucking.
- $301 million in other taxes, primarily due to increases in real property gains taxes because of increased real estate activity and increases in real estate transfer taxes which reflect the first full-year impact of the rate increase which took effect during 1983-84, as well as strong activity in sales of condominium/ cooperative apartments.
- $301 million in lottery revenue increases, attributed to a greater frequency of drawings initiated in the previous year and the expanding on-line vendor network for both the numbers and lotto games. The large prize payouts offered by the lotto games has established a large customer base and has contributed to significant increases in sales.

Expenditures for governmental purposes totaled $32.853 billion in fiscal 1985, which represents an increase of $3.235 billion (10.92%) over expenditures in fiscal 1984. Changes in expenditures by function from fiscal 1984 levels are presented in the following tabulation (amounts in thousands):

Expenditures	1985	1984	Increase/(Decrease) Over 1984 Actual Amount	Percent
Grants to Local Governments:				
Education	$ 7,094,192	$ 6,430,589	$ 663,603	10.32%
Social services	8,987,908	8,047,366	940,542	11.69%
Non-categorical aid	948,131	877,349	70,782	8.07%
Health and environmental	440,702	301,906	138,796	45.97%
Transportation	988,455	1,006,440	(17,985)	(1.79%)
Mental health	382,569	348,057	34,512	9.92%
Housing and urban renewal	84,959	75,423	9,536	12.64%
Other programs	663,534	650,179	13,355	2.05%
Subtotal	19,590,450	17,737,309	1,853,141	10.45%
Operations of state government	10,625,232	9,542,848	1,082,384	11.34%
Debt service and financing agreements	1,309,285	1,228,694	80,591	6.56%
Capital outlays	1,327,955	1,109,025	218,930	19.74%
Total	**$ 32,852,922**	**$ 29,617,876**	**$ 3,235,046**	**10.92%**

The largest functional increase occurred in grants to local governments. The major increases included:

- $664 million for education aid which reflects changes in the Elementary, Secondary and Continuing Education Program for general support of public schools. Funding for these programs is derived from the General and Special Revenue Funds.
- $941 million for social services aid, including increases in local human service programs, reflecting the full year cost of the long-term care takeover program, a new shelter allowance schedule and increased public assistance caseloads as well as increases in family and children's services and homeless housing programs.
- $1.082 billion for operations of State governments, due primarily to a general employee salary increase, inflationary increases in non-personal service costs and increased employee fringe benefit costs. There were increases in some State programs, particularly in the Department of Correctional Services due to increases in the inmate population.
- $219 million for capital outlays including capital maintenance of existing State facilities and infrastructure and new construction for expansion of correctional facilities to accommodate the increased inmate population and upgrading the State University and City University systems.



Expenditures 1985

Debt Administration

There are a number of methods by which the State may incur debt. The State may issue general obligation bonds authorized by the voters and notes in anticipation of such bonds. The State with voter approval, may also directly guarantee certain Authority obligations. Payments on debt service on State general obligation and State-guaranteed bonds or notes are legally enforceable obligations of the State. The State has never been called upon to make any direct payments pursuant to its guarantee.

The State has also entered into lease/purchase agreements and other financing arrangements with several public benefit corporations and municipalities.

Bonds Payable and Short-Term Financing

The State's general obligation bonds are rated A+ by Standard and Poor's Corporation and A by Moody's Investors Service. The State had approximately $3.7 billion in general obligation bonds outstanding at year-end. During the year the State issued $210 million in general

obligation bonds and redeemed $267 million. The total amount of general obligation bonded debt authorized but not yet issued at year end is $2 1 billion.

The State has received the highest rating for their short-term notes from Moody's Investors Service (MIG-1) and Standards and Poor's (SP-1+). Bond anticipation notes increased by $108 million resulting in a year end balance of $118 million. The bond anticipation notes were issued, for the first time, in the form of commercial paper at an average interest rate of 5.46%.

The State issues tax and revenue anticipation notes (TRANS) in bearer form annually, at inception of each fiscal year. In April 1984 the State issued an aggregate amount of $4.3 billion which were repaid by March 1985. In April 1985 the State issued $4.3 billion in TRANS.

Also the State has guaranteed repayment of certain borrowings of the New York State Thruway Authority, the Job Development Authority and the Port Authority of New York and New Jersey in the amount of $594 million.

Obligations under Lease/Purchase and Other Financing Agreements

The State has entered into lease/purchase agreements with selected public benefit corporations and municipalities for certain of its capital facilities. Under the agreements, construction costs are initially paid from appropriations and repaid to the State from proceeds of bond issues.

The State also enters into other financing arrangements with several public benefit corporations. The terms of these arrangements require the State to fund the debt service requirements of the specific debt issued by the entity. The public benefit corporations will generally retain title to the assets acquired with the bond proceeds.

At year end the State had long-term obligations of $5.643 billion under lease/purchase and other financing agreements.

Fiduciary Fund Type

The Fiduciary fund type includes trust and agency funds and the State administered retirement systems. Trust and Agency funds are used to account for assets held by the State in a trustee capacity or as an agency for individuals, private organizations and other governments. The trust and agency funds reported a year end fund balance of $2.313 billion as compared to the previous year end of $1.898 billion.

The three major State administered retirement systems for state and local government employees, outside of NYC, reported a combined net assets available for retirement benefits of $39.829 billion as compared to the previous year end balance of $34.916 billion. For further information refer to Note 13 of the notes to the combined financial statements.

Public Benefit Corporations

Public Benefit Corporations (PBC's) are separate entities that are not operating departments of the State. PBC's have been established for a variety of purposes for the benefit of the State's residents such as economic development, capital construction, financing and public transportation. The powers of the PBC's generally are vested in their governing boards. The Governor, with the approval of the State Senate, appoints the members of the Board of most major PBC's and either the Governor or the Board selects the Chairman and chief operating officer. PBC's are not subject to the State constitutional restrictions on the incurrence of debt which apply to the State and may issue bonds and notes within legislatively authorized amounts.

Corporations generally submit annual reports to the Governor, the Legislature and the Comptroller on their operations and finances accompanied by an independent auditor's report. Corporations are generally supported by revenues derived from their activities, although in recent years the State has provided special financial assistance, in some cases of a recurring nature, to certain corporations for operating and other expenses and in fulfillment of its commitments on moral obligations indebtedness. In accordance with National Council on Governmental Accounting, *Statement 7, Financial Reporting for Component Units Within the Governmental Reporting Entity* the PBC's have been presented as the Proprietary Fund Type in this report. The amounts presented in this report were derived from their most recent financial statements. At year end these entities reflected a combined equity of $5.3 billion. For further information refer to Note 14 of the notes to the combined financial statements.

Future Prospects

It is anticipated that the State's economic growth will continue in fiscal year 1985-86. This coupled with a renewed commitment to expenditure restraints will allow the State to carry out its three year tax reduction program along with other necessary fiscal reforms. I again urge that foremost among the fiscal reforms should be the adoption of a budget balanced in accordance with generally accepted accounting principles (GAAP). This measure would provide assurance that the current General Fund deficit, which is the primary reason for the State's annual spring borrowing, will not be allowed to increase.

The proposed Federal budget submitted to Congress for the Federal fiscal year commencing October 1, 1985 proposes reductions in various programs that aid the State and local governments. If the President's proposals are adopted, the direct impact could be a significant reduction in the Federal share of certain State program costs. The long-term effect on the State from Federal cutbacks could prove to be substantially negative in future years. If these programs are continued at their current spending level, and Federal subsidies are cut, then additional State resources may be needed.

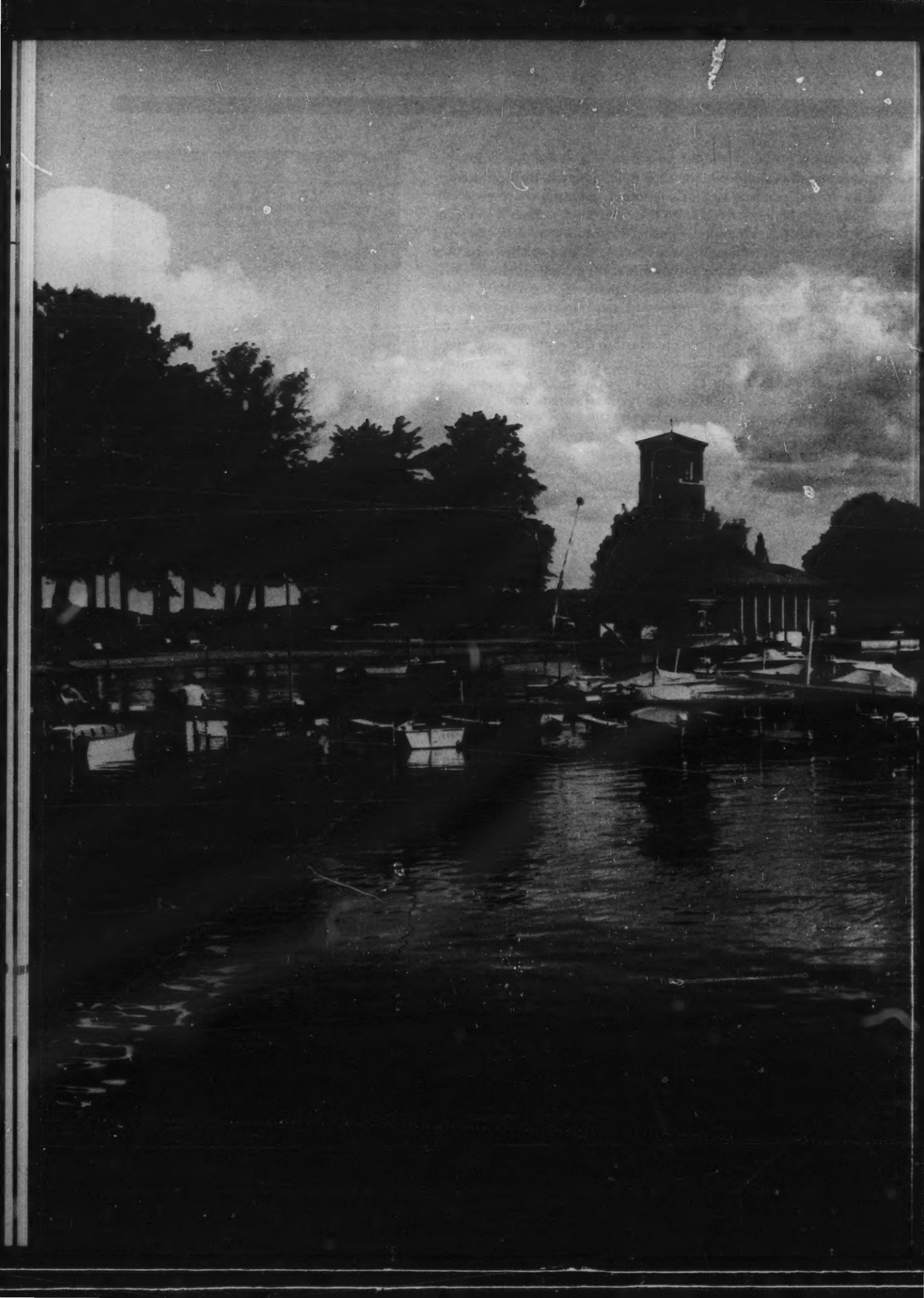
Conclusion

This report continues my commitment to comprehensive disclosure and progressive leadership in financial reporting. It also discloses the continued growth in the General Fund accumulated fund deficit. The need for immediate action on my fiscal reform legislation which will begin reversing these trends has never been greater. I will continue to speak out in support of fiscal reform until our goals are achieved.

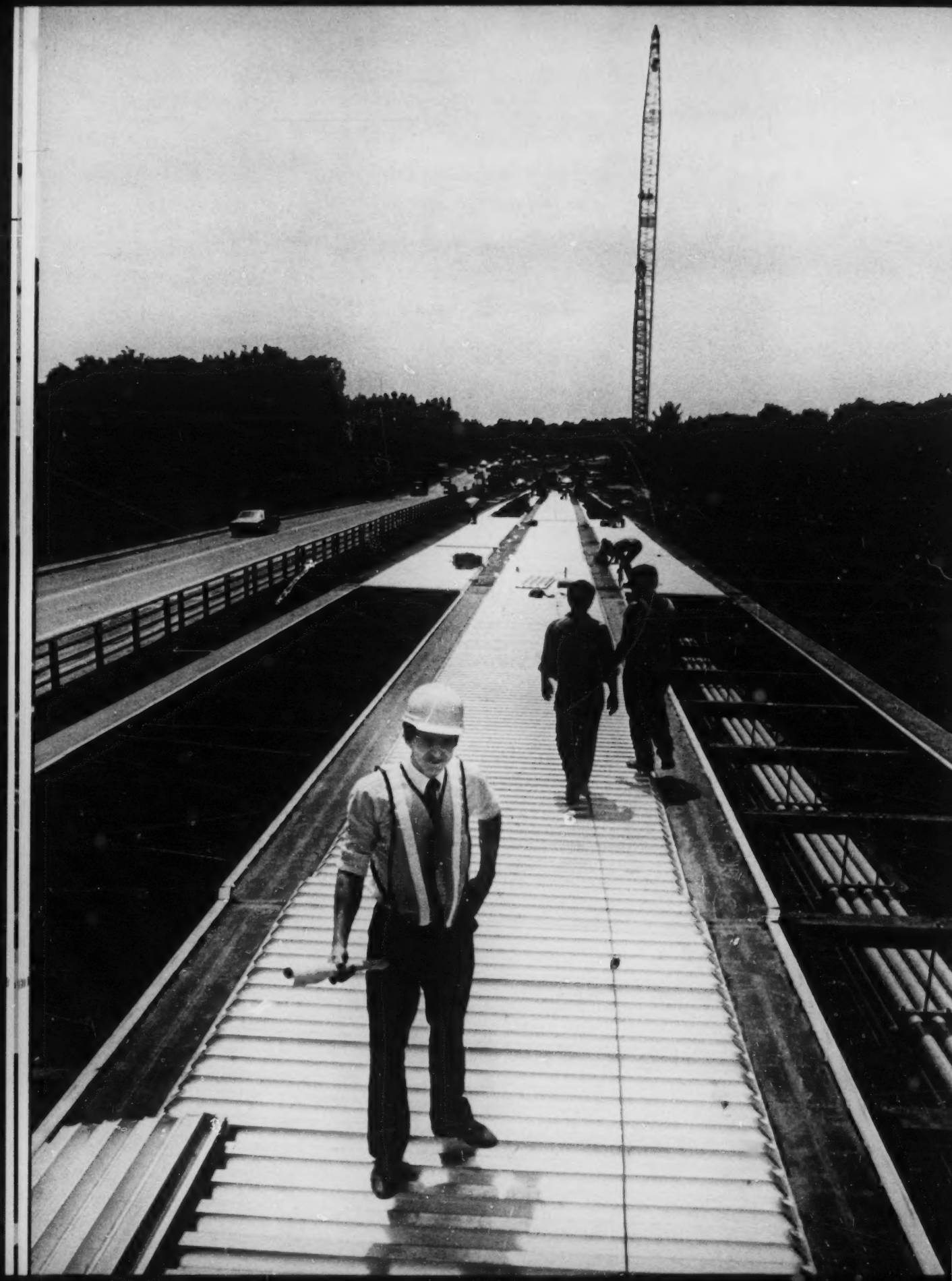
The report could not have been prepared without the cooperation of all State agencies, the Legislature and the Judiciary. I especially appreciate the professionalism and dedication demonstrated by my staff in the preparation of this report.

Edward V Regan

Sincerely,
Edward V. Regan
New York State Comptroller



COMBINED FINANCIAL STATE



PEAT MARWICK

Peat, Marwick, Mitchell & Co.
Certified Public Accountants
111 Washington Avenue
Albany, New York 12210

The Audit Committee of the
New York State Legislature:

We have examined the combined financial statements (Exhibits A through E, inclusive) of the State of New York as of and for the year ended March 31, 1985. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of certain entities, which statements reflect total assets and revenues constituting 68% and 87%, of the assets and revenues, respectively, of the Public Benefit Corporations; nor did we examine the financial statements of the entities comprising the State Administered Retirement Systems. These statements were examined by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for these entities, is based solely upon the reports of the other auditors.

As more fully described in note 1 (f), the General Fixed Assets Account Group included in the combined financial statements referred to above does not reflect all of the general fixed assets required to be recorded by generally accepted accounting principles.

In our opinion, based upon our examination and the reports of other auditors, except for the effect of the matter discussed in the preceding paragraph, the combined financial statements present fairly the financial position of the State of New York at March 31, 1985 and the results of its operations and the changes in financial position of the Nonexpendable Trust Funds, State Administered Retirement Systems and Public Benefit Corporations for the year then ended, in conformity with generally accepted accounting principles which, except for the change, with which we concur, in the presentation of the Public Benefit Corporations as described in note 14, have been applied on a basis consistent with that of the preceding year.

July 19, 1985

Peat, Marwick, Mitchell & Co.

STATE OF NEW YORK

Combined Balance Sheet

ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 1985
(Amounts in thousands)

	GOVERNMENTAL FUND TYPES			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS:				
Cash and marketable securities	$ 277,568	$ 209,997	$ 632,872	$ 199,767
Retirement systems investments	—	—	—	—
Receivables, net of allowances for uncollectibles:				
Taxes	2,973,937	44,620	—	—
Due from Federal government	—	1,176,446	—	78,459
Loans and leases	—	—	—	—
Other	142,370	28,430	174,496	51,719
Due from other funds	11,909	76,310	7,872	336
Marketable securities held in lieu of retainage	—	—	—	34,299
Fixed assets	—	—	—	—
Other assets	303	—	—	—
Assets available for future debt service	—	—	—	—
Resources to be provided for retirement of general long-term obligations	—	—	—	—
Total assets	**$ 3,406,087**	**$ 1,535,803**	**$ 815,240**	**$ 364,580**
LIABILITIES:				
Tax refunds payable	$ 2,531,342	$ 2,282	$ —	$ —
Payable to local governments	3,146,485	338,890	—	—
Pension contributions payable	706,967	—	—	—
Accounts payable	245,071	52,136	114	247,971
Accrued liabilities	989,360	735,926	350	1,878
Due to other funds	62,121	49,541	—	35,986
Deferred revenues	161,516	3,359	60,237	6,742
Notes payable	—	—	—	118,300
Bonds payable	—	—	—	—
Obligations under lease/purchase and other financing agreements	—	—	—	—
Other long-term liabilities	—	—	—	—
Total liabilities	**7,842,862**	**1,232,134**	**60,701**	**410,877**
EQUITY (DEFICIT):				
Fund balances (deficits):				
Reserved for:				
Encumbrances	321,668	75,334	—	2,169,994
Unemployment benefits	—	—	—	—
Debt service	—	—	323,932	—
Tax stabilization	201,136	—	—	—
Other specified purposes	5,995	—	—	51,038
Unreserved:				
Designated	—	228,335	430,607	—
Undesignated	(4,965,574)	—	—	(2,267,329)
Investment in general fixed assets	—	—	—	—
Net retirement systems assets available for benefits	—	—	—	—
Equity of public benefit corporations	—	—	—	—
Total equity (deficit)	**(4,436,775)**	**303,669**	**754,539**	**(46,297)**
Commitments and contingencies				
Total liabilities and equity	**$ 3,406,087**	**$ 1,535,803**	**$ 815,240**	**$ 364,580**

See accompanying notes to combined financial statements.

EXHIBIT A

ACCOUNT GROUPS		FIDUCIARY FUND TYPES		PROPRIETARY FUND TYPE
General Fixed Assets	General Long-term Obligations	Trust and Agency	State Administered Retirement Systems	Public Benefit Corporations
$ —	$ —	$ 3,724,945	$ 1,823,782	$ 8,433,864
—	—	—	34,447,069	—
—	—	735,416	—	—
—	—	96,201	—	208
—	—	—	—	8,366,689
—	—	270,666	3,703,345	1,062,534
—	—	58,189	—	—
—	—	—	—	—
3,726,668	—	—	—	8,351,536
—	—	—	212,143	587,390
—	754,539	—	—	—
—	10,593,322	—	—	—
$ 3,726,668	**$ 11,347,861**	**$ 4,885,417**	**$ 40,186,339**	**$ 26,802,221**
$ —	$ —	$ —	$ —	$ —
—	—	974,656	—	—
—	783,552	—	—	1,326,951
—	—	45,311	—	72,021
—	—	1,545,700	342,293	3,765,334
—	—	6,968	—	—
—	—	—	—	386,791
—	—	—	—	242,535
—	3,687,736	—	—	14,668,808
—	5,642,876	—	—	—
—	1,233,697	—	15,000	1,031,158
—	**11,347,861**	**2,572,635**	**357,293**	**21,493,598**
—	—	—	—	—
—	—	1,826,795	—	—
—	—	—	—	—
—	—	—	—	—
—	—	485,987	—	—
—	—	—	—	—
—	—	—	—	—
3,726,668	—	—	—	—
—	—	—	39,829,046	—
—	—	—	—	5,308,623
3,726,668	**—**	**2,312,782**	**39,829,046**	**5,308,623**
$ 3,726,668	**$ 11,347,861**	**$ 4,885,417**	**$ 40,186,339**	**$ 26,802,221**

STATE OF NEW YORK

Combined Statement of Revenues, Expenditures and Changes in Fund Balances

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

Year Ended March 31, 1985
(Amounts in thousands)

	GOVERNMENTA		
	General	Special Revenue	Debt Service
REVENUES:			
Taxes:			
Personal income	$ 10,595,701	$ —	$ —
General business	3,041,525	414,827	—
Consumption and use	5,674,695	164,976	25,022
Unemployment	—	—	—
Other	885,719	—	—
Federal grants	78,486	7,611,344	11,467
Lottery	—	1,200,904	—
Tuition and fees	—	—	705,723
Patient fees	—	—	401,099
Miscellaneous	1,083,557	73,871	62,689
Total revenues	**21,359,683**	**9,465,922**	**1,206,000**
EXPENDITURES:			
Grants to local governments:			
Education	5,748,479	1,342,617	—
Social services	4,015,808	4,972,100	—
Non-categorical aid	948,131	—	—
Health and environmental	217,743	136,716	—
Transportation	325,227	505,825	—
Mental health	345,265	19,101	—
Housing and urban renewal	83,399	732	—
Other programs	416,211	183,851	—
Operation of state departments and agencies:			
Personal service costs	5,303,684	346,285	—
Non-personal service costs	2,294,869	1,084,695	—
Pension contribution	661,680	45,287	—
Other fringe benefits	833,793	54,939	—
Debt service, including payments on financing agreements	247,964	—	1,061,321
Capital construction	—	—	—
Unemployment benefits	—	—	—
Total expenditures	**21,442,253**	**8,692,148**	**1,061,321**
Excess (deficiency) of revenues over expenditures	**(82,570)**	**773,774**	**144,679**
OTHER FINANCING SOURCES (USES):			
Operating transfers from other funds	1,544,685	95	1,297,691
Operating transfers to other funds	(1,567,820)	(717,076)	(1,425,758)
Proceeds of general obligation bonds	—	—	—
Proceeds from financing agreements	—	—	—
Net other financing sources (uses)	**(23,135)**	**(716,981)**	**(128,067)**
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(105,705)	56,793	16,612
Fund balance (deficits) at April 1, 1984	(4,331,070)	246,876	737,927
Fund balance (deficits) at March 31, 1985	**$ (4,436,775)**	**$ 303,669**	**$ 754,539**

See accompanying notes to combined financial statements.

UND TYPES		FIDUCIARY FUND TYPE
Capital Projects	Total (Memorandum Only)	Expendable Trust
$ —	$10,595,701	$ —
—	3,456,352	—
—	5,864,693	—
—	—	1,461,194
—	885,719	—
494,049	6,195,346	182,629
—	1,200,904	—
—	705,723	—
—	401,099	—
27,278	1,247,395	192,534
521,327	**32,552,932**	**1,836,357**
3,096	7,094,192	—
—	8,987,908	—
—	948,131	—
86,243	440,702	—
157,403	988,455	—
18,203	382,569	—
828	84,959	—
63,472	663,534	74
—	5,649,969	1,890
—	3,379,564	63,814
—	706,967	—
—	888,732	79
—	1,309,285	—
1,327,955	1,327,955	—
—	—	1,372,908
1,657,200	**32,852,922**	**1,438,765**
(1,135,873)	**(299,990)**	**397,592**
927,525	3,769,996	—
(59,342)	(3,769,996)	—
210,000	210,000	—
64,075	64,075	—
1,142,258	**274,075**	—
6,385	(25,915)	397,592
(52,682)	(3,398,949)	1,671,915
$ (46,297)	**$ (3,424,864)**	**$ 2,069,507**

STATE OF NEW YORK

Combined Statement of Cash Receipts and Disbursements

BUDGETARY BASIS — FINANCIAL PLAN AND ACTUAL — GOVERNMENTAL FUND TYPES

Year Ended March 31, 1985
(Amounts in thousands)

	GENERAL			SPECIAL REVENUE		
	Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
RECEIPTS:						
Taxes	$ 19,957,000	$ 19,788,600	$(168,400)	$ 673,000	$ 647,300	$ (25,700)
Miscellaneous	1,134,000	1,122,300	(11,700)	792,000	814,100	22,100
Federal grants	54,000	41,200	(12,800)	7,747,000	7,427,300	(319,700)
Total receipts	**21,145,000**	**20,952,100**	**(192,900)**	**9,212,000**	**8,888,700**	**(323,300)**
DISBURSEMENTS:						
Grants to local governments	12,317,000	12,122,900	194,100	7,272,000	7,086,500	185,500
Departmental operations	5,567,000	5,553,500	13,500	2,284,000	2,181,300	102,700
General state charges	1,622,000	1,610,400	11,600	119,000	121,100	(2,100)
Debt service	249,000	248,000	1,000	—	—	—
Capital projects	—	—	—	16,000	11,100	4,900
Total disbursements	**19,755,000**	**19,534,800**	**220,200**	**9,691,000**	**9,400,000**	**291,000**
Receipts over (under) disbursements	**1,390,000**	**1,417,300**	**27,300**	**(479,000)**	**(511,300)**	**(32,300)**
OTHER FINANCING SOURCES (USES):						
Bond proceeds, net	—	—	—	—	—	—
Transfers from other funds	132,000	133,600	1,600	1,314,000	1,266,000	(48,000)
Transfers to other funds	(1,471,000)	(1,500,100)	(29,100)	(661,000)	(713,400)	(52,400)
Total other financing sources (uses)	**(1,339,000)**	**(1,366,500)**	**(27,500)**	**653,000**	**552,600**	**(100,400)**
Receipts and other financing sources over (under) disbursements and other financing uses	**$ 51,000**	**$ 50,800**	**$ (200)**	**$ 174,000**	**$ 41,300**	**$ (132,700)**

See accompanying notes to combined financial statements.

EXHIBIT C

DEBT SERVICE			CAPITAL PROJECTS		
Financial Plan	Actual	Favorable (Unfavorable) Variance	Financial Plan	Actual	Favorable (Unfavorable) Variance
$ 25,000	$ 25,000	$ —	$ —	$ —	$ —
1,089,000	995,300	(93,700)	80,000	99,500	19,500
12,000	11,500	(500)	573,000	500,900	(72,100)
1,126,000	**1,031,800**	**(94,200)**	**653,000**	**600,400**	**(52,600)**
—	—	—	—	—	—
—	—	—	5,000	3,200	1,800
—	—	—	—	400	(400)
911,000	902,000	9,000	—	—	—
—	—	—	1,751,000	1,726,000	25,000
911,000	**902,000**	**9,000**	**1,756,000**	**1,729,600**	**26,400**
215,000	**129,800**	**(85,200)**	**(1,103,000)**	**(1,129,200)**	**(26,200)**
—	—	—	314,000	318,300	4,300
1,126,000	1,171,800	45,800	905,000	928,100	23,100
(1,320,000)	(1,281,400)	38,600	(26,000)	(7,700)	18,300
(194,000)	**(109,600)**	**84,400**	**1,193,000**	**1,238,700**	**45,700**
$ 21,000	**$ 20,200**	**$ (800)**	**$ 90,000**	**$ 109,500**	**$ 19,500**

STATE OF NEW YORK

Combined Statement of Revenues, Expenses and Changes in Equity

EXHIBIT D

NONEXPENDABLE TRUST FUNDS, STATE ADMINISTERED RETIREMENT SYSTEMS AND PUBLIC BENEFIT CORPORATIONS

Year Ended March 31, 1985
(Amounts in thousands)

	FIDUCIARY FUND TYPES		PROPRIETARY FUND TYPE
	Nonexpendable Trust	Retirement Systems	Corporations
REVENUES:			
Charges for services	$ —	$ —	$ 4,000,494
Financing income	—	—	973,355
Investment earnings	—	3,930,609	700,522
Contributions to pension plans	—	2,652,671	—
State subsidies and grants	—	—	742,307
City/county subsidies and grants	—	—	642,298
Federal grants	1,878	—	301,913
Miscellaneous	22,188	—	236,810
Total revenues	**24,066**	**6,583,280**	**7,597,699**
EXPENSES:			
Operations	6,733	38,080	5,589,109
Depreciation and amortization	—	—	258,692
Interest	—	—	1,297,859
Retirement benefits	—	1,631,860	—
Total expenses	**6,733**	**1,669,940**	**7,145,660**
Excess of revenues over expenses	17,333	4,913,340	452,039
Equity at beginning of year	225,942	34,915,706	4,172,830
Other equity changes	—	—	683,754
Equity at end of year	**$ 243,275**	**$ 39,829,046**	**$ 5,308,623**

See accompanying notes to combined financial statements.

STATE OF NEW YORK

Combined Statement of Changes in Financial Position

EXHIBIT E

NONEXPENDABLE TRUST FUNDS, STATE ADMINISTERED RETIREMENT SYSTEMS AND PUBLIC BENEFIT CORPORATIONS

Year Ended March 31, 1985
(Amounts in thousands)

	FIDUCIARY FUND TYPES		PROPRIETARY FUND TYPE
	Nonexpendable Trust	State Administered Retirement Systems	Public Benefit Corporations
SOURCES OF CASH AND MARKETABLE SECURITIES:			
Operations:			
Excess of revenues over expenses	$ 17,333	$ 4,913,340	$ 452,039
Items not requiring (providing) cash and marketable securities:			
Depreciation and amortization	—	—	258,692
Other	—	—	7,216
Total sources of cash and marketable securities from operations	**17,333**	**4,913,340**	**717,947**
Proceeds from issuance of bonds	—	—	2,415,245
Proceeds from issuance of notes	—	—	119,231
Principal collections on loans and leases receivables	—	—	479,366
Capital contributions	—	—	847,573
Increase in accounts payable	—	—	20,285
Increase in pension contributions payable	—	—	120,400
Increase in accrued liabilities	26	218,791	304,331
Increase in deferred revenues	—	—	19,163
Proceeds from other long-term liabilities	—	15,000	121,219
Other	1,033	—	1,929
Total cash and marketable securities provided	**18,392**	**5,147,131**	**5,166,689**
USES OF CASH AND MARKETABLE SECURITIES:			
Acquisition of fixed assets	—	—	1,404,654
Repayment of bonds	—	—	502,042
Repayment of notes	—	—	256,051
Repayment of other long-term liabilities	—	—	7,664
Loans and leases receivable advanced	—	—	1,224,487
Increases in other receivables	5,850	239,404	154,521
Increases in other assets	—	7,229	47,090
Net increase in investments	—	5,177,705	—
Other	2,165	—	42,228
Total cash and marketable securities used	**8,015**	**5,424,338**	**3,638,737**
Net increase (decrease) in cash and marketable securities	10,377	(277,207)	1,527,952
Cash and marketable securities at beginning of year	120,477	2,100,989	6,905,912
Cash and marketable securities at end of year	**$ 130,854**	**$ 1,823,782**	**$ 8,433,864**

See accompanying notes to combined financial statements.

STATE OF NEW YORK

Notes to Combined Financial Statements

NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The combined financial statements include all funds and account groups of the State of New York (the "State") as well as agencies, boards, commissions, public benefit corporations and other organizational entities for which the State has oversight responsibility and are consequently determined to be includable in the State's financial reporting entity.

The combined financial statements have been prepared primarily from accounts maintained by the State Comptroller. Additional data has been derived from reports prescribed by the Comptroller and prepared by State departments, agencies, public benefit corporations and other entities based on independent or subsidiary accounting systems maintained by them.

The State records its transactions in the fund types and account groups described below. Transactions between funds within a fund type, if any, have been eliminated.

Governmental Fund Types:

General — is the general operating fund of the State and is used to account for all financial transactions except those required to be accounted for in another fund. The routine operations of the State University of New York (SUNY) and of the senior colleges of the City University of New York (CUNY) are included in the General Fund (CUNY based on its June 30, 1984 fiscal year).

Special Revenue — is used to account for the proceeds of specific revenue sources (other than debt service, expendable trust or major capital projects) such as Federal grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed by either the State Legislature or outside parties.

Debt Service — is used to account for the accumulation of resources for, and the payment of, principal, interest, and related costs of general long-term obligations. Debt service related activities of the SUNY and CUNY Construction Funds and the Facilities Development Corporation are included. The CUNY Construction Fund is based on its June 30, 1984 fiscal year.

Capital Projects — is used to account for the financial resources to be used for acquisition or construction of major state-owned capital facilities, and for capital assistance grants to local governments.

Account Groups:

General Fixed Assets Account Group — is used to account for general fixed assets of the State exclusive of assets held by public benefit corporations.

General Long-term Obligations Account Group — is used to account for all long-term obligations of the State including bonds, obligations under lease/purchase and other financing agreements, pension contributions and other long-term obligations exclusive of liabilities of public benefit corporations.

Fiduciary Fund Types:

Trust and Agency — include Expendable and Nonexpendable Trust Funds and Agency Funds and are used to account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations and other governments.

State Administered Retirement Systems — presents the three State administered retirement systems for which the State has oversight responsibility. The accounts of these systems are derived from their annual financial statements as follows:

System	Year End
Policemen's and Firemen's Retirement System	March 31, 1985
Employees' Retirement System	March 31, 1985
Teachers' Retirement System	June 30, 1984

An explanation of the basis of accounting and additional information about each of the systems is provided in Note 13.

Proprietary Fund Type — Public Benefit Corporations:

The public benefit corporations financial statements are presented as the Proprietary Fund Type. The accounts of public benefit corporations, public authorities, private not-for-profit corporations and similar entities (hereinafter called public benefit corporations) in the accompanying combined financial statements are derived from the most recently issued annual financial statements. The inclusion of these entities in the State's combined financial statements reflects the oversight role exercised by the State, but does not affect their separate legal standing. Oversight is defined to include criteria such as appointment of the board, designation of management, scope of public service and the ability to significantly influence operations.

The State has oversight responsibility for one authority, Municipal Assistance Corporation for the City of New York (MAC), that is not included in the combined financial statements. It is excluded because it is considered an integral part of the financing of the City of New York and is included in the City's combined financial statements.

SUNY and CUNY have oversight responsibility for the operations of numerous auxiliary service corporations located at their various campuses. Assets and revenues of these corporations, which are not significant in total, are excluded from the combined financial statements.

Additional information, including an explanation of the entities included and the basis of accounting, is provided in Note 14.

b. Basis of Accounting

Governmental Fund Types and Expendable Trust Funds are accounted for on the modified accrual basis of accounting. Revenues (receivables) are recorded in the accounting period that they become both measurable and available. Receivables

not expected to be collected within the next twelve months are recorded as deferred revenues. Expenditures and related liabilities are recorded in the accounting period the liability is incurred to the extent it is expected to be paid within the next twelve months, except vacation leave and interest on general long-term obligations which are recorded when paid. The portion of the liability expected to be paid beyond twelve months is recorded in the General Long-term Obligations Account Group.

Nonexpendable Trust Funds are accounted for on the accrual basis. Agency Funds are custodial in nature (assets equal liabilities) and are accounted for on the cash basis, which does not result in a material difference from the modified accrual basis.

c. Cash and Marketable Securities

Cash balances of funds held in the State Treasury are commingled in a general checking account and several special purpose bank accounts. The available cash balance in the general checking account beyond immediate need is pooled for short-term investment purposes. The balances pooled are limited to legally-stipulated investments which are reported at cost which approximates market value. Included in cash and marketable securities are non-interest bearing compensating balances of $114.1 million.

d. Receivables

Receivables are stated net of estimated allowances for uncollectible amounts, which are determined based upon past collection experience and current economic conditions. Taxes receivable represent amounts owed by taxpayers related to the 1984 calendar year and the first quarter of the 1985 calendar year, including assessments for underpayments, penalties and interest. Due from Federal government represents amounts owed to the State to reimburse it for expenditures incurred pursuant to federally funded programs. Other receivables represent amounts owed to the State, including lottery revenues, patient and tuition fees, and student and appropriated loans.

Appropriated loans represent monies appropriated in the form of loans or advances from the General Fund to finance agency or public benefit corporation's operations, or from various Capital Projects Funds to finance construction or debt service of public benefit corporations or local governments. The underlying appropriation bills provide that amounts will be repaid pursuant to repayment agreements with public benefit corporations or local governments. The loans are reported net of estimated uncollectible amounts, and any amounts expected to be collected beyond the next twelve months are recorded as a reservation of fund balance.

e. Marketable Securities Held in Lieu of Retainage

The State Comptroller is authorized to accept and hold certain securities from contractors as collateral in lieu of retainage. These securities are recorded at market value and are held in trust by the Comptroller until satisfactory completion of the contract. Interest earned on these securities accrues to the contractors.

f. Fixed Assets

The State owns extensive fixed assets, consisting of: (1) land in urban centers, rural areas, and forest preserves; (2) buildings which house State offices, hospitals and educational facilities; and (3) equipment used in construction work, hospitals, offices, etc. Fixed assets in the General Fixed Assets Account Group are reported at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The amounts recorded in the General Fixed Assets Account Group reflect only those assets for which historical cost data has been maintained. The amounts presented are not intended to represent all of the State's general fixed assets. General fixed assets are not depreciated. The State's infrastructure (e.g. roads, bridges, dams, sidewalks, monuments, etc.) are not presented in the combined financial statements except for those recorded by public benefit corporations (see Note 14).

g. Tax Refunds Payable

Tax refunds payable represent amounts owed to taxpayers related to the 1984 calendar year and the first quarter of the 1985 calendar year. These amounts are recorded as a liability and reduction of tax revenues.

h. Long-term Obligations

The amounts reported in the Combined Balance Sheet for this account group include the State's general obligation bonds, obligations under lease/purchase and other financing agreements, pension contributions and other long-term liabilities including vacation leave, litigation, disallowances, medicaid (State and Federal share) and workers' compensation and other insurance-related liabilities.

i. Compensated Absences

The State records vacation leave as an expenditure when paid. The estimated accrued liability at March 31, 1985 ($443 million) is recognized in the General Long-term Obligations Account Group. Employees accrue vacation leave based on the number of years employed up to a maximum rate of 25 days a year, but may accumulate no more than a maximum of 40 days. Employees also earn sick leave credits which generally do not vest. The estimated contingent liability for sick leave credits is $1.256 billion.

j. Lease Accounting

The construction of certain State office buildings, campus facilities, and other public facilities have been financed through bonds and notes issued by public benefit corporations or local governments pursuant to lease/purchase agreements with the State (see Note 7).

These lease/purchase contracts are capital leases for which the State's rental payments over the duration of the agreements constitute long-term liabilities. The amount included in obligations under lease/purchase and other financing agreements consists of total future principal payments and equals the outstanding balance of the related bonds and notes.

k. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds and Capital Projects Funds. The cost of construction contract commitments generally is recorded as an encumbrance of Capital Projects Funds and is presented as a reserve for encumbrances. These committed amounts will become liabilities in future periods as the construction work is performed by the contractors. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

l. Reserve for Tax Stabilization

Pursuant to law, receipts in excess of disbursements of the Local Assistance and State Purposes Accounts not otherwise appropriated are required to be transferred to the Tax Stabilization Reserve Fund (which are presented as accounts of the General Fund) at the end of each fiscal year. These reserves may be borrowed temporarily and repaid within the same fiscal year. They may also be borrowed to cover an operating deficit at year end. Generally, deficit loans must be repaid within six years in no less than three equal annual installments. The amount reported represents cash of $102 million and $99 million of unpaid accumulated borrowings through March 31, 1985.

m. Designated Fund Balance

The amounts shown as unreserved-designated in the Special Revenue Funds primarily represent equity generated from lottery operations, as well as tax collections earmarked to aid mass transportation authorities, which will be expended upon legislative authorization. The amounts shown as unreserved-designated in the Debt Service Funds substantially represent the accumulation of revenues generated from the operations of certain higher education and mental health and retardation facilities in excess of debt service and rental reserve requirements. A portion of this equity is available for transfer to the General Fund upon legislative authorization.

n. Total (Memorandum Only) Column

The total column in Exhibit B is captioned "Total (Memorandum Only)" to indicate that it is presented only to facilitate financial analysis. Data in the column is not the equivalent of consolidated financial information.

o. Post-retirement Health Care and Benefits

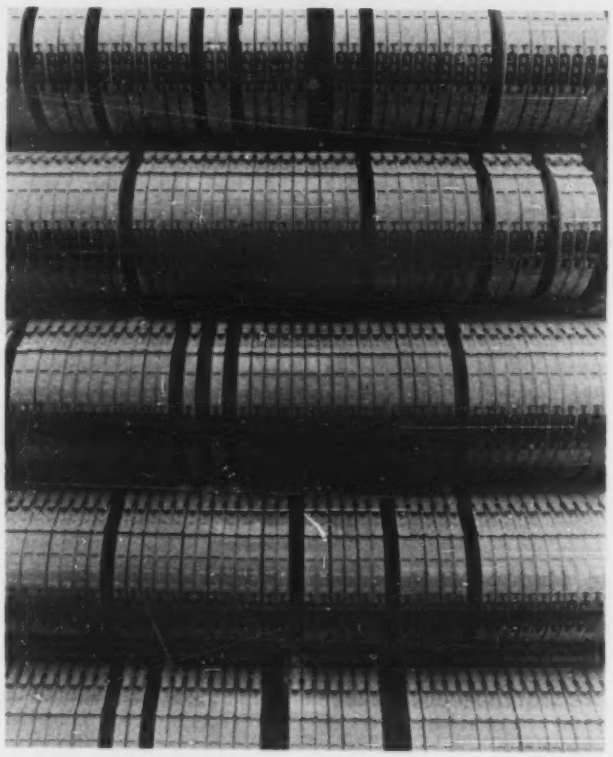
In addition to providing pension benefits, the State provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the State's employees may become eligible for these benefits if they reach normal retirement age while working for the State. Health care benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The State recognizes the cost of providing health insurance by recording its share of insurance premiums ($110.3 million for 72,049 retirees and their dependents) as an expenditure in the General Fund in the year paid. Additionally, the survivor's benefit program provides for a death benefit to be paid by the State to a retiree's designated beneficiary. During the 1984-85 fiscal year $6.2 million was paid on behalf of 2,251 retirees and recorded as an expenditure in the General Fund.

NOTE 2

TAXES RECEIVABLE

Taxes receivable at March 31, 1985 are summarized as follows (amounts in thousands):

	General	Special Revenue	Trust and Agency
Personal income	$2,069,550	$ —	$ —
General business	372,808	33,644	—
Consumption and use	418,531	10,976	—
Unemployment	—	—	735,416
Other	113,048	—	—
	$2,973,937	**$44,620**	**$735,416**



NOTE 3

OTHER RECEIVABLES

Other receivables at March 31, 1985 are summarized as follows (amounts in thousands):

	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency
Miscellaneous receivables:					
Lottery	$ —	$27,282	$ —	$ —	$ —
Tuition and fees	—	—	31,300	—	—
Patient fees	—	—	308,755	—	—
Student loans	—	—	—	—	148,278
Other	140,355	1,148	10,402	681	158,518
	140,355	**28,430**	**350,457**	**681**	**306,796**
Allowance for uncollectibles	(3,980)	—	(175,961)	—	(36,130)
	136,375	**28,430**	**174,496**	**681**	**270,666**
Appropriated loans:					
Assessments	61,715	—	—	28,759	—
Due from local governments	4,307	—	—	—	—
Due from public benefit corporations	47,681	—	—	274,916	—
	113,703	**—**	**—**	**303,675**	**—**
Allowance for uncollectibles	(107,708)	—	—	(252,637)	—
	5,995	**—**	**—**	**51,038**	**—**
Total	**$142,370**	**$28,430**	**$174,496**	**$ 51,719**	**$270,666**

In addition, the State has expended funds for the Urban Development Corporation ($343 million) and the Housing Finance Agency ($44 million) which, although not made as appropriated loans, are nevertheless subject to repayment to the State pursuant to agreement with the State Budget Director. Since enforcement of collectibility is uncertain, these amounts are not recorded in the accompanying financial statements.

NOTE 4

PAYABLE TO LOCAL GOVERNMENTS

a. Governmental Fund Types

At March 31, 1985 the State was liable to various municipalities and school districts for unpaid State aid for education ($2,053 million) and other purposes ($1,482 million). The liability for aid to education represents amounts earned by school districts ratably over the school districts' fiscal year in excess of amounts paid prior to March 31, 1985. This latter liability was appropriated by the State Legislature for payment during April, May and June of 1985. The need to liquidate this within the first three months of the ensuing fiscal year contributes significantly to the State's short-term borrowing needs each Spring (see Note 5).

b. Trust and Agency Funds

At March 31, 1985 the State, in its fiduciary capacity to collect the local share of sales tax revenues and various escrow funds, owed $912 million to various local governments.

NOTE 5

SHORT-TERM FINANCING

Notes, including commercial paper and bond anticipation notes, are issued by the State in anticipation of the proceeds of voter-authorized bond issues. These notes are reported as liabilities which contribute to the accumulated deficit in the Capital Projects Funds until the related bonds are issued. Notes may be issued for a term not exceeding one year, but may be renewed as long as their cumulative term will not exceed either two or five years, depending on the purpose of the notes. The notes may legally be redeemed only from the proceeds of permanent bonds or reissued notes. Notes outstanding were issued at rates of 3.875% to 5.125%

During the fiscal year the State implemented a commercial paper program for bond anticipation notes. The use of commercial paper, which consists of short-term promissory notes, provides additional flexibility for the State's short-term financing. Commercial paper comprised $117.9 million of the notes outstanding at March 31, 1985.

Changes in notes during the year were as follows (amounts in thousands):

	Outstanding April 1, 1984	Issued	Redeemed	Outstanding March 31, 1985
Environmental quality	$ —	$ 42,605	$ 24,680	$ 17,925
Pure waters	1,800	20,710	13,450	9,060
Rail preservation	1,840	1,840	3,680	—
Mass transportation (aviation)	—	5,910	—	5,910
Outdoor recreation development	—	400	—	400
Energy conservation/ transportation	2,600	27,070	29,670	—
State housing (urban renewal)	3,760	4,110	7,870	—
Rebuild New York transportation infrastructure	—	110,705	25,700	85,005
	$10,000	$213,350	$105,050	$118,300

The State issues tax and revenue anticipation notes in bearer form annually, at the inception of each fiscal year. These notes are issued primarily because the State makes almost one-half of its payments of grants to local governments, virtually all of its pension contributions and a substantial portion of the personal income tax refunds during the first quarter of the fiscal year while tax and other revenues are received more ratably over the fiscal year. In April 1985 the State issued an aggregate amount of $4.3 billion. The notes were issued at interest rates ranging from 5.25% to 5.75%, and are payable serially in September 1985, December 1985, January 1986 and March 1986. The notes are general obligations of the State and have the full faith and credit of the State. The principal and interest will be paid from taxes and miscellaneous revenues of the General Fund. The State Comptroller is required by statute to impound sufficient funds in a separate bank account to pay principal and interest on the notes at maturity. Similarly, tax and revenue anticipation notes of $4.3 billion were issued in April 1984 and repaid by March 31, 1985.

NOTE 6

BONDS PAYABLE

General obligation bonds are backed by the full faith and credit of the State and must be repaid in equal annual installments beginning not more than one year after issuance of such bonds. Changes for the year were as follows (amounts in thousands):

Purpose	Outstanding April 1, 1984	Issued	Redeemed	Outstanding March 31, 1985
Grade crossing elimination (2.5%-4.0%)	$ 4,540	$ —	$ 1,540	$ 3,000
Environmental quality protection:				
Air (5.0%-12.5%)	52,203	8,100	4,611	55,692
Land (5.0%-12.5%)	104,185	21,100	6,360	118,925
Wetlands (5.0%-6.75%)	2,379	—	376	2,003
Water (5.0%-12.5%)	216,686	33,900	13,039	237,547
Higher education (2.0%-7.0%)	115,737	—	10,929	104,808
Highway construction (3.1%-4.2%)	67,300	—	20,500	46,800
Housing:				
Low cost (1.0%-7.0%)	484,872	—	19,054	465,818
Middle income (3.25%-10.0%)	123,093	—	1,870	121,223
Urban renewal (3.4%-10.0%)	6,060	4,400	735	9,725
Mental health construction (4.25%-6.0%)	19,800	—	7,000	12,800
Outdoor recreation (3.0%-12.5%)	99,015	—	12,250	86,765
Parks and recreation land acquisition (5.0%-12.5%)	10,720	—	930	9,790
Pure waters (2.0%-12.5%)	531,335	24,000	26,400	528,935
Rail preservation (4.5%-12.5%)	178,670	10,000	8,145	180,525
Transportation capital facilities:				
Highways (2.0%-7.0%)	495,750	—	60,250	435,500
Mass transportation (2.0%-12.5%)	735,310	3,000	42,205	696,105
Aviation (3.0%-12.5%)	125,855	4,000	6,705	123,150
Energy conservation through improved transportation (7.0%-12.5%)	370,825	56,800	23,700	403,925
Rebuild New York-Transportation Renewal:				
Highways, Parkways, Bridges (7.25%-10.6%)	—	35,700	—	35,700
Ports, Waterways (7.25%-10.6%)	—	6,000	—	6,000
Rapid Transit, Rail, Aviation (7.6%-10.6%)	—	3,000	—	3,000
	$3,744,335	**$210,000**	**$266,599**	**$3,687,736**

Debt service requirements for general obligation bonded debt in future years are as follows (amounts in thousands):

Year	Principal	Interest	Total
1986	$ 267,928	$ 234,356	$ 502,284
1987	249,786	217,432	467,218
1988	247,330	201,181	448,511
1989	231,879	185,143	417,022
1990	224,574	169,865	394,439
Thereafter	2,466,239	1,416,236	3,882,475
	$3,687,736	**$2,424,213**	**$6,111,949**

The total amount of long-term general obligation bonded debt authorized but not issued at March 31, 1985 was $2.112 billion.

NOTE 7

OBLIGATIONS UNDER LEASE/PURCHASE AND OTHER FINANCING AGREEMENTS

The State has entered into lease/purchase agreements with certain public benefit corporations, municipalities and other entities for various of its capital facilities. Under these agreements, construction costs are initially paid by the State from appropriations (reported as capital construction in the Capital Projects Funds). These appropriations are then repaid to the State from the proceeds of bonds issued by the public benefit corporations or other entities (reported as proceeds from financing agreements in the Capital Projects Funds). The State becomes the tenant of the facility under a lease/purchase agreement which provides for the payment of rentals sufficient to cover the related bond debt service and for the passage of title to the State after the bonds have been repaid.

The State has also entered into contractual obligation financing arrangements (also referred to as "service contract bonds") with the Metropolitan Transportation Authority and Urban Development Corporation. The terms of these arrangements require the State to fund the debt service requirements of the specific debt issued by these entities. The public benefit corporations retain title to the assets acquired with the bond proceeds.

Changes for the year were as follows (amounts in thousands):

	Outstanding April 1, 1984	Additions	Payments	Outstanding March 31, 1985
Public Benefit Corporations (see Note 14):				
Housing Finance Agency	$2,715,000	$ 15,000	$ 82,000	$2,648,000
Dormitory Authority	985,000	198,000	30,000	1,153,000
Thruway Authority	30,000	30,000	30,000	30,000
Triborough Bridge and Tunnel Authority	375,000	—	—	375,000
Metropolitan Transportation Authority	615,000	218,000	2,000	831,000
Urban Development Corporation	55,000	—	—	55,000
Subtotal	**4,775,000**	**461,000**	**144,000**	**5,092,000**
Other Entities:				
County of Albany	562,000	—	44,000	518,000
Other municipalities	34,000	—	3,000	31,000
Retirement systems	3,000	—	1,000	2,000
Total	**$5,374,000**	**$461,000**	**$192,000**	**$5,643,000**

Certain of the underlying bond indentures require the maintenance of a rental reserve, usually amounting to one year of debt service. Such amounts ($324 million) are reported as cash of the appropriate Debt Service Fund with a corresponding reservation of fund balance.

Following is a summary of the future minimum rental payments for capitalized leases and contractual obligations including interest at 3.25% to 14.25% (amounts in thousands):

Fiscal Year	Principal	Interest	Total
1986	$ 201,000	$ 419,000	$ 620,000
1987	180,000	422,000	602,000
1988	181,000	409,000	590,000
1989	189,000	398,000	587,000
1990	195,000	388,000	583,000
Thereafter	4,697,000	4,948,000	9,645,000
	$5,643,000	**$6,984,000**	**$12,627,000**

The State is also committed under numerous operating leases covering real property and equipment. Rental expenditures reported for the year ended March 31, 1985 under such operating leases totaled $177 million. Following is a summary of the future minimum rental commitments under noncancelable real property and equipment leases with terms exceeding one year (amounts in thousands):

Fiscal Year	
1986	$ 88,102
1987	82,697
1988	68,776
1989	44,450
1990	30,819
Thereafter	70,186
	$385,030

NOTE 8
OPERATING TRANSFERS

Operating transfers constitute the transfer of resources from the fund that receives the resources to the fund which utilizes them. The more significant transfers include the annual appropriation of General Fund revenues to Capital Projects Funds ($922 million) and to Debt Service Funds ($577 million), and the transfer of excess revenues of Debt Service Funds to the General Fund in support of certain higher education and mental health and retardation expenditures ($1.268 billion) and in support of CUNY operations ($139 million). The latter transfers are made after first satisfying debt service and rental reserve requirements. Operating transfers from Special Revenue Funds to Debt Service Funds represent the Federal share of medicaid payments for recipients residing in state-operated mental health and retardation facilities ($595 million) and transfers from Special Revenue Funds to the General Fund represent recovery of indirect costs for administration of Federal programs ($115 million). In addition, transfers from the Capital Projects Funds ($56 million) and the General Fund ($69 million) to the Debt Service Funds represent the State funding of debt service on obligations incurred for construction of various capital facilities of the Metropolitan Transportation Authority and CUNY, respectively.

Battery Park, New York City

NOTE 9
BUDGETARY BASIS REPORTING

The State Constitution requires the Governor to submit annually an Executive Budget which contains a complete plan of expenditures for the ensuing fiscal year and all monies and revenues estimated to be available therefore accompanied by bills containing all recommended appropriations or reappropriations and any proposed legislation necessary to provide monies and revenues sufficient to meet such proposed expenditures. Included in the proposed appropriation bills is a provision for spending authority for unanticipated revenues or unforeseen emergencies in accordance with statutory requirements. The Executive Budget includes a cash basis financial plan, which must be in balance, i.e., disbursements must not exceed receipts. A GAAP basis financial plan is also included for the ensuing fiscal year. The Executive Budget contains a five year financial projection for governmental funds and a five year capital plan.

The Legislature enacts appropriation bills and revenue measures embodying those parts of the Executive Budget it has approved or modified. The Legislature may also enact a supplemental appropriation bill and numerous special appropriation bills. When the Legislature convenes in January it generally enacts a deficiency appropriation bill which authorizes additional unforeseen expenditures for the then current fiscal year.

An appropriation is a statutory authorization against which expenditures may be made during a specific fiscal year. An appropriation represents the maximum spending authority and is not a mandate to spend. Generally an appropriation lapses at the end of the fiscal year except for obligations incurred, in which case the appropriation lapses the following September 15. The funds to be appropriated are determined in accordance with constitutional and statutory requirements.

Once the appropriation and revenue bills become law, the cash basis and the GAAP basis financial plans are revised by the Governor to reflect legislative actions. The cash basis financial plan serves as the basis for the administration of the State's finances during the fiscal year. Furthermore, the Comptroller

and Director of the Budget must certify that it is in balance to permit the annual issuance of the tax and revenue anticipation notes (see Note 5). Accordingly, the cash basis financial plan is generally considered to be the State's budget and the appropriate plan to present in Exhibit C. The financial plans are updated quarterly by the Governor or more frequently if necessary. The Governor is required to provide a report to the Legislature showing a comparison of the actual year to date results with the latest revised plans providing an explanation of any major deviations and any significant changes to the financial plans.

The annual budget cycle normally begins during the summer prior to the commencement of the fiscal year with the State departments developing their budget requests for submission to the Division of the Budget in September. During the fall the departmental requests are analyzed by the Division of the Budget, formal budget hearings are held and major policy decisions are made by the Governor. The Executive Branch phase of the process culminates in the submission of the Executive Budget to the Legislature in late January. The Legislative fiscal committees review the Executive Budget, the Legislature holds public hearings and generally the appropriation bills are enacted by April 1.

The following presents a comparison of the State's cash basis financial plan as originally adopted by the Governor in April 1984 with subsequent modification by the Governor to reflect changes during the fiscal year (amounts in millions):

	April 1984	Modifications	January 1985
GENERAL			
Receipts:			
Taxes	$19,521	$436	$19,957
Miscellaneous	1,004	130	1,134
Federal grants	77	(23)	54
Total receipts	**20,602**	**543**	**21,145**
Disbursements:			
Grants to local governments	12,293	24	12,317
Departmental operations	5,512	55	5,567
General state charges	1,559	63	1,622
Debt service	246	3	249
Total disbursements	**19,610**	**145**	**19,755**
Other financing sources (uses):			
Transfers from other funds	268	(136)	132
Transfers to other funds	(1,209)	(262)	(1,471)
Total other financing sources (uses)	**(941)**	**(398)**	**(1,339)**
Receipts and other financing sources over (under) disbursements and other financing uses	**$ 51**	**$ —**	**$ 51**
SPECIAL REVENUE			
Receipts:			
Taxes	$ 392	$281	$ 673
Miscellaneous	709	83	792
Federal grants	7,709	38	7,747
Total receipts	**8,810**	**402**	**9,212**
Disbursements:			
Grants to local governments	7,182	90	7,272
Departmental operations	2,288	(4)	2,284
General state charges	126	(7)	119
Capital projects	19	(3)	16
Total disbursements	**9,615**	**76**	**9,691**
Other financing sources (uses):			
Transfers from other funds	1,485	(171)	1,314
Transfers to other funds	(738)	77	(661)
Total other financing sources (uses)	**747**	**(94)**	**653**
Receipts and other financing sources over (under) disbursements and other financing uses	**$ (58)**	**$232**	**$ 174**

Lake Placid

	April 1984	Modifications	January 1985
DEBT SERVICE			
Receipts:			
Taxes	$ 25	$ —	$ 25
Miscellaneous	1,121	(32)	1,089
Federal grants	11	1	12
Total receipts	**1,157**	**(31)**	**1,126**
Disbursements:			
Debt service	916	(5)	911
Total disbursements	**916**	**(5)**	**911**
Other financing sources (uses):			
Transfers from other funds	1,188	(62)	1,126
Transfers to other funds	(1,472)	152	(1,320)
Total other financing sources (uses)	**(284)**	**90**	**(194)**
Receipts and other financing sources over (under) disbursements and other financing uses	**$ (43)**	**$ 64**	**$ 21**
CAPITAL PROJECTS			
Receipts:			
Miscellaneous	$ 355	$(275)	$ 80
Federal grants	594	(21)	573
Total receipts	**949**	**(296)**	**653**
Disbursements:			
Departmental operations	5	—	5
Capital projects	1,776	(25)	1,751
Total disbursements	**1,781**	**(25)**	**1,756**
Other financing sources (uses):			
Bond proceeds, net	171	143	314
Transfers from other funds	623	282	905
Transfers to other funds	(24)	(2)	(26)
Total other financing sources (uses)	**770**	**423**	**1,193**
Receipts and other financing sources over (under) disbursements and other financing uses	**$ (62)**	**$ 152**	**$ 90**

Exhibit C provides a comparison of the estimated data in the revised Financial Plan with the actual results on the cash basis of accounting for appropriated Governmental Fund Types, whereas Exhibit B presents operating results for the Governmental Fund Types in conformity with generally accepted accounting principles. The following presents a reconciliation of the budgetary cash basis operating results per Exhibit C with the GAAP based operating results per Exhibit B (amounts in thousands):

	General	Special Revenue	Debt Service	Capital Projects
Receipts and other financing sources over (under) disbursements and other financing uses per Exhibit C	$ 50,800	$ 41,300	$ 20,200	$ 109,500
Entity differences:				
Receipts and other financing sources over (under) disbursements and other financing uses for funds and accounts not included in the cash basis financial plan	37,179	(24,845)	2,520	(117)
Perspective difference:				
Receipts and other financing sources over disbursements and other financing uses of the Earmarked Revenue Account which is treated as a Special Revenue Fund in the financial plan and part of the General Fund for GAAP reporting	6,434	(6,434)	—	—
Basis of accounting differences:				
Net increase in taxes receivable	412,175	613	—	—
Net increase in due from Federal government	—	191,104	—	19,584
Net increase (decrease) in other revenue accruals	91,062	(4,781)	(9,489)	(850)
Net (increase) decrease in tax refunds payable	(79,762)	5,286	—	—
Net (increase) in payables to local governments	(527,985)	(51,692)	—	—
Net (increase) decrease in other payables and accrued liabilities	(95,608)	(93,758)	3,381	(121,732)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses per Exhibit B	$ (105,705)	$ 56,793	$ 16,612	$ 6,385

The entity differences relate to the presentation of CUNY and its related entities, the inclusion of certain funds considered to be proprietary funds in the budget process, and the inclusion of certain sole custody bank accounts. Additionally, the cash basis financial plan presents the State's subsidy of CUNY as grants to local governments ($420 million) whereas this amount in addition to the remainder of CUNY operations is presented as operation of State departments and agencies on the GAAP basis.

The perspective difference relates to the Earmarked Revenue Account which is presented below on a cash basis (amounts in thousands):

RECEIPTS:	
Federal grants	$ 15,465
Miscellaneous	85,146
	100,611
DISBURSEMENTS:	
Grants to local government	6,175
Departmental operations	1,338,244
General state charges	11,146
	1,355,565
OTHER FINANCING SOURCES (USES):	
Transfers from other funds	1,261,915
Transfers to other funds	(527)
	1,261,388
Receipts and other financing sources over (under) disbursements and other financing uses	$ 6,434

NOTE 10

COMMITMENTS AND CONTINGENCIES

The State receives significant financial assistance from the Federal government in the form of grants and entitlements, including several non-cash programs which are not included in the combined financial statements. Receipt of grants is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantor agencies of the Federal government or their designees. Disallowances as a result of these audits may become liabilities of the State. The State has recorded liabilities of approximately $120 million based on an evaluation of pending disallowances at March 31, 1985. The portion of the liability expected to be paid in the next twelve months, $50 million, is recorded in the General Fund and the remainder is recorded in the General Long-term Obligations Account Group.

The State Abandoned Property Law requires deposit of certain defined and unclaimed assets into a State-managed Abandoned Property Fund (Agency Fund). The statute provides that whenever the Abandoned Property Fund exceeds $750,000, the excess must be remitted to the General Fund. The amounts remitted during the year approximated $145 million. Net collections from inception (1942) to March 31, 1985 of approximately $1.05 billion represent a contingent liability to the State since claims for refund may be filed by the owners of such property.

In fiscal year 1982-83 the State transferred amounts to the General Fund from the State Insurance Fund and from several non-governmental funds. The Legislature must make appropriations annually to cover the State's contingent liability resulting from these transfers. The current appropriation is $397 million. Payments from these appropriations will be made only if the affected funds have no other monies available to meet their statutory obligations. To date, no payments from these appropriations have been required.

Effective April 1, 1981 the State became self-insured for workers' compensation coverage of its employees. Under an agreement with the State Insurance Fund (administrator of the self-insurance program) the State pays only those monies necessary to fund claims. Based on actuarial calculations as of the most recent valuation dated July 1984, the State is currently liable for unfunded claims totaling approximately $150 million. The portion expected to be paid in the next twelve months, $38 million, is reported as a liability of the General Fund. The remaining amount, $112 million, is reported in the General Long-term Obligations Account Group.

In 1977-78, the State required that reserve funds held by insurance companies which underwrite the State employee health insurance programs be paid to the General Fund. The State is liable to replenish these reserve funds if needed to pay insured benefits or if the contracts with the insurance companies are terminated. Accordingly, based on actuarial calculations, the State has recorded a liability of $102 million which is reported in the General Long-term Obligations Account Group.

The New York State Higher Education Services Corporation, a public benefit corporation, was the guarantor of approximately $4.653 billion of current outstanding loans made to students by participating lending institutions at March 31, 1985. In the event of default, the United States Department of Education would guarantee 98% of the loans, with the remaining 2% ($93 million) guaranteed by the State.

NOTE 11

GUARANTEED AND MORAL OBLIGATION DEBT

The New York State Constitution provides that the State may guarantee repayment of certain borrowings of the New York State Thruway Authority, the Job Development Authority and the Port Authority of New York and New Jersey to carry out designated projects. The State has never been called upon to make any direct payments pursuant to such guarantees. Except as now authorized, no further State guaranteed debt may be incurred without voter approval. As of March 31, 1985, a total of $552 million of such State-guaranteed bonds and $42 million in State-guaranteed bond anticipation notes were outstanding (with an additional $17 million authorized but not issued) as follows (amounts in thousands):

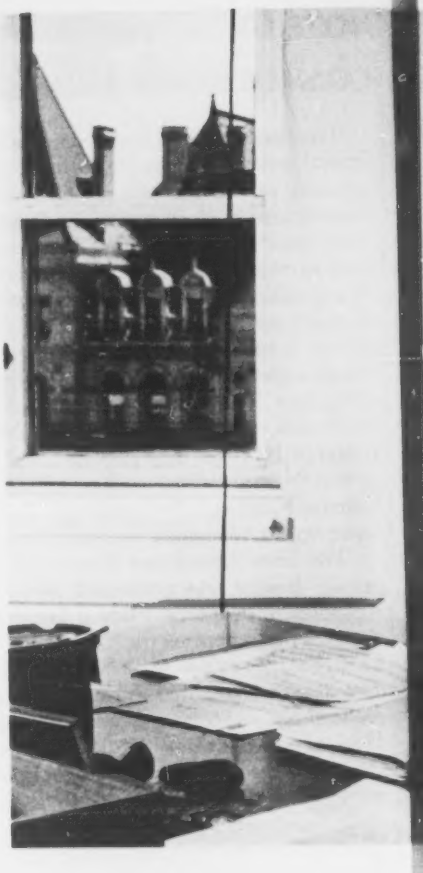
	Bonds	Notes	Total
Port Authority	$ 93,000	$ —	$ 93,000
Thruway Authority	240,000	—	240,000
Job Development Authority	219,000	42,000	261,000
	$552,000	**$42,000**	**$594,000**

In order to provide additional inducement to investors to purchase the obligations of certain public benefit corporations, the legislation creating these corporations authorizes the State to make up any deficiencies in their debt service reserve funds, subject to legislative appropriation (effectively, a "moral obligation" to back up the corporations' credit). Since such "moral obligations" do not constitute full faith and credit obligations of the State, voter approval of such obligations was not obtained.

The State has enacted "capping legislation" which restricts the amount of moral obligation bonds each corporation (other than the Municipal Assistance Corporation) may issue. The cap is set at the amounts of bonds and notes outstanding as of April 1, 1976 plus, within specific dollar limitations, additional bonds and notes required to finance projects then in progress. As moral obligation bonds within the cap are repaid (other than by refunding) the maximum cap is reduced accordingly. Public benefit corporations with no bonds or notes outstanding when this legislation became effective are prohibited from issuing moral obligation debt. This legislation also imposed maximum limitations on lease/purchase financing for certain Authorities.

As of March 31, 1985 approximately $12.9 billion in moral obligation debt was outstanding as follows (amounts in thousands):

Issuer	Bonds	Notes	Total
Battery Park City Authority	$ 190,000	$ —	$ 190,000
Dormitory Authority of the State of New York	408,000	—	408,000
New York State Energy Research and Development Authority	6,000	—	6,000
New York State Environmental Facilities Corporation	2,000	—	2,000
New York State Housing Finance Agency	2,560,000	45,000	2,605,000
New York State Job Development Authority	2,000	—	2,000
New York State Medical Care Facilities Finance Agency	216,000	—	216,000
New York State Project Finance Agency	221,000	—	221,000
State of New York Mortgage Agency	185,000	—	185,000
United Nations Development Corporation	33,000	—	33,000
Urban Development Corporation	874,000	—	874,000
Municipal Assistance Corporation for the City of New York	7,867,000	243,000	8,110,000
	$12,564,000	**$288,000**	**$12,852,000**



While the State Legislature is not required to restore any deficiency in a debt service reserve fund, as of March 31, 1985, it had made appropriations pursuant to its "moral obligation" to make up such deficiencies under obligations issued by certain public benefit corporations, notably the Housing Finance Agency, Urban Development Corporation and Battery Park City Authority. Generally, these amounts are included as appropriated loans receivable.

NOTE 12

LITIGATION

The State is a defendant in numerous legal proceedings pertaining to matters incidental to the performance of routine governmental operations. Such litigation includes, but is not limited to, claims asserted against the State arising from alleged torts, alleged breaches of contracts, condemnation proceedings and other alleged violations of State and Federal laws.

Included in the State's outstanding litigation are a number of cases challenging the constitutionality or the adequacy and effectiveness of a variety of significant social welfare programs primarily involving the State's mental hygiene programs. Adverse judgments in these matters generally would result in injunctive relief coupled with prospective changes in patient care which would require substantial additional financing of the litigated programs in the future. Because of the prospective nature of these matters, no provision for this potential exposure has been made in the accompanying combined financial statements.

The State is also engaged in a variety of contract and tort claims wherein significant monetary damages are sought. Actions commenced by several Indian nations claim that significant amounts of land were unconstitutionally taken from the Indians in violation of various treaties and agreements during the eighteenth and nineteenth centuries. The claimants seek recovery of approximately five million acres of land as well as compensatory and punitive damages. Actions brought by residents, former residents, and the tenant association of the Co-Op City housing project allege fraud, breach of fiduciary duty and other violations of law in the design, construction, supervision and management of that project. Arbitration proceedings to determine the State's liability for design and construction defects have begun. Significant tort claims have been filed against the State by residents of the "Love Canal" area of Niagara Falls and by individuals involved in the cleanup of the Binghamton State Office Building fire which generally allege negligence on the part of the State regarding chemical contamination of the properties involved.

The State is involved in litigation challenging the procedure by which the Urban Development Corporation is to issue bonds for the construction of prisons which will ultimately be leased by the State. The plaintiffs allege that this lease/purchase agreement violates the State constitutional prohibition against contracting State debt without a voter referendum, and is an unlawful gift or loan of the State's credit to a public corporation. An adverse judgment on this case would require the State to pay for the construction which has already begun. Additionally, an adverse judgment on the case may affect other lease/purchase

and contractual obligation financing arrangements already in existence and may preclude the State from using such vehicles in the future (see Note 7).

With respect to pending and threatened litigation, the State has recorded liabilities of $342 million for awarded and anticipated unfavorable judgments. The portion of the liability expected to be paid within the next twelve months, $57 million, is recorded in the General Fund and the remainder is recorded in the General Long-term Obligations Account Group.

NOTE 13

STATE ADMINISTERED RETIREMENT SYSTEMS

There are three major State administered retirement systems (collectively, the "Retirement Systems") for employees of the State and its localities (except employees of New York City, essentially all of whom are covered by separate City-sponsored and administered pension plans).

The New York State Employees' Retirement System and the New York State Policemen's and Firemen's Retirement System (jointly, the "Public Employees' Retirement System" or "PERS") are administered by the Comptroller as sole trustee and provide benefits for most State and local government public employees, excluding teachers. On March 31, 1985 there were approximately 2,600 public employers participating in these systems. Employees of the State constituted about 43% of the members of these systems during the 1984-85 fiscal year and State contributions equalled approximately 47% of total contributions for that fiscal year. The New York State Teachers' Retirement System ("TRS") is separately administered by a nine-member board, however, the Commissioner of Taxation and Finance is custodian of the assets. Employees of the State constituted approximately 2% of the members of the Teachers' Retirement System in its 1983-84 fiscal year and State contributions equalled 2% of total contributions.

Funding for the Retirement Systems has traditionally been provided primarily by public employers. However, all members of the New York State Employees' Retirement System and TRS who join after June 30, 1976 are required to contribute 3% of their salary. Employer contributions to PERS for the year ended March 31, 1985 are expected to be paid on or before June 15, 1986; employer contributions to TRS for the year ended June 30, 1984 are generally due on or before June 30, 1985.

The Retirement Systems are actuarially funded using the aggregate cost valuation method. Under this method, the unfunded cost of retirement benefits of active members is accrued and funded each year as a level percentage of the estimated future compensation of such members. The aggregate cost valuation method used by the Retirement Systems does not develop a separately stated past service liability.

The Actuary employed by PERS prepares the required actuarial computations and certifications; these are based upon: (i) the active members and pensioners; (ii) mortality and other tables (updated every five years); (iii) estimated future investment earnings projected at 7.5%; and (iv) the assumption of an average annual rate of salary increase currently projected at approximately 8.5%.

The following summarizes the actuarial present value of PERS credited projected benefits as of March 31, 1985 (amounts in thousands):

Vested benefits:	
Pensioners and beneficiaries	$ 8,798,559
Members	16,603,608
Nonvested benefits	2,029,444
Total	**$27,431,611**
Net assets available for PERS benefits	**$27,386,099**

The TRS in-house actuary has computed valuations, which include the estimated present value of benefits payable to retired members, beneficiaries and active teachers (related to service rendered prior to the valuation date and service expected to be rendered subsequent to the valuation date by present members). The liabilities, which are unaudited, produced by the actuarial valuations as of June 30, 1983 (the most recent valuation) were $20.9 billion. These actuarial calculations are based upon: (i) estimated future investment earnings projected at 6.75%; (ii)

the assumption of an average annual rate of salary increase of 7%; and (iii) mortality and other tables. The report prepared by the TRS actuary indicates that as of June 30, 1983 present assets, plus investment earnings thereon together with the present value of prospective contributions by employers are sufficient to meet the liabilities. This actuarial value is not comparable to the actuarial present value of credited projected benefits provided above for PERS.

Both PERS and TRS offer a broad spectrum of plans and benefits. The plans provide service retirement benefits related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. The plans differ as to the qualifying age or the years-of-service requirement for service retirement, the benefit formula used in calculating the retirement allowance, the date of membership and the contributing or noncontributing nature of the plan.

The pension contributions reported in the governmental funds and the pension liability reported in the General Fund consist of the State's accrued pension contributions to PERS and TRS with respect to its employees for services rendered in fiscal 1984 and which were paid in June 1985 ($688 million) and May 1985 ($19 million), respectively.

Pension liabilities applicable to the year ending March 31, 1985 which are expected to be paid to PERS in June 1986 (approximately $763 million) and to TRS in May 1986 ($21 million) are recorded in the General Long-term Obligations Account Group.

Approximately 12,000 State employees are members of the Teachers' Insurance and Annuity Association/College Retirement Equities Fund, a privately operated defined contribution retirement plan. The State assumes no liability for this group of TIAA/CREF members other than payment of contributions. The State contributed $55 million to this plan in fiscal 1985.

The primary asset, retirement systems investments, is presented at cost or amortized cost, except for PERS common stocks which are presented at market. PERS and TRS investments are presented net of an allowance for potential losses of $7 million and $8 million respectively. Investments were comprised of the following (amounts in thousands):

	PERS (3/31/85)	TRS (6/30/84)
Government securities	$ 7,347,444	$ 3,074,481
Corporate bonds	3,747,778	2,203,249
Common stock	9,008,510	4,659,725
Mortgages	2,589,140	1,509,061
Real property	33,418	18,328
Member loans	—	143,856
Other	100,424	11,655
Total	**$22,826,714**	**$11,620,355**
Estimated market value	**$20,996,575**	**$10,888,272**

PERS assets include $3.105 billion of accrued employer contributions to be paid with respect to the 1983-84 and 1984-85 fiscal years. TRS assets do not include contributions receivable. The remaining receivables represent accrued interest and dividends on PERS and TRS investments.

NOTE 14

PUBLIC BENEFIT CORPORATIONS

Public benefit corporations (as defined in Note 1) are legally separate entities that are not operating departments of the State. The corporations are managed independently, outside the appropriated budget process and their powers generally are vested in a governing board. Corporations are established for a variety of purposes for the benefit of the State's citizenry such as economic development, financing and public transportation. However, they are not subject to State constitutional restrictions on the incurrence of debt, which apply to the State itself, and may issue bonds and notes within legislatively authorized amounts.

The Governor, with the approval of the State Senate, appoints the members of the Board of most corporations and either the Governor or the board selects the Chairman and chief operating officer. Corporations generally submit annual reports to the Governor, the Legislature and the Comptroller on their operations and finances accompanied by an independent auditor's report thereon. Corporations also submit to the Governor and the Legislature annual budget information on operations and capital construction. The Comptroller is empowered to conduct financial examinations and management audits of the corporations.

Corporations are generally supported by revenues derived from their activities, although in recent years the State has provided special financial assistance, in some cases of a recurring nature, to certain corporations for operating and other expenses and in fulfillment of its commitments on moral obligation indebtedness. Financial assistance in the form of appropriated loans or operating subsidies for certain corporations, principally the Urban Development Corporation, the Metropolitan Transportation Authority, the Housing Finance Agency, and Battery Park City Authority was provided in the fiscal year ended March 31, 1985 and such assistance is expected to be required in future years. Accordingly, the fiscal condition of the State is related to the fiscal stability of public benefit corporations.

The amounts presented in the accompanying combined financial statements for public benefit corporations include the following entities for the fiscal years indicated:

Entity	Year End
Agriculture and New York State Breeding Development Fund Corporation	December 31, 1984
Battery Park City Authority	October 31, 1984
Capital District Transportation Authority	March 31, 1985
Central New York Regional Transportation Authority	March 31, 1985
Dormitory Authority of the State of New York	March 31, 1985
Harlem Urban Development Corporation	March 31, 1985
Health Research, Inc.	March 31, 1985*
Hudson River-Black River Regulating District	June 30, 1984
Industrial Exhibit Authority	March 31, 1985
Metropolitan Transportation Authority	December 31, 1984
New York City Transit Authority	December 31, 1984
Manhattan and Bronx Surface Transit Operating Authority	December 31, 1984
Staten Island Rapid Transit Operating Authority	December 31, 1984
Metropolitan Suburban Bus Authority	December 31, 1984
The Long Island Railroad Company	December 31, 1984
Triborough Bridge and Tunnel Authority	December 31, 1984
Metro-North Commuter Railroad Company	December 31, 1984
Narcotic and Drug Research, Inc.	March 31, 1985*
Natural Heritage Trust	September 30, 1984
Nelson A. Rockefeller Empire State Plaza Performing Arts Center Operating Corporation	March 31, 1985
New York City Convention Center Development Corporation	October 31, 1984
New York City Convention Center Operating Corporation	March 31, 1985
New York State Bridge Authority	December 31, 1984
New York State Energy Research and Development Corporation	March 31, 1985
New York State Environmental Facilities Corporation	March 31, 1985
New York State Higher Education Services Corporation	March 31, 1985
New York State Housing Finance Agency	October 31, 1984
New York State Job Development Authority	March 31, 1985
New York State Medical Care Facilities Finance Agency	October 31, 1984
New York State Olympic Regional Development Authority	March 31, 1985
New York State Project Finance Agency	October 31, 1984
New York State Science and Technology Foundation	March 31, 1985
New York State Thoroughbred Breeding and Development Fund Corporation	December 31, 1984
New York State Thoroughbred Racing Capital Investment Fund	December 31, 1984
New York State Thruway Authority	December 31, 1984
Niagara Frontier Transportation Authority	March 31, 1985
Ogdensburg Bridge and Port Authority	March 31, 1985
Port of Oswego Authority	March 31, 1985
Power Authority of the State of New York	December 31, 1984
Research Foundation for Mental Hygiene	March 31, 1985*
Research Foundation of SUNY	June 30, 1984*
Research Foundation of CUNY	June 30, 1984*
Rochester-Genesee Regional Transportation Authority	March 31, 1985
State Insurance Fund	December 31, 1984
State of New York Mortgage Agency	March 31, 1985
Urban Development Corporation	March 31, 1985
Youth Support, Inc.	March 31, 1985*

*not-for-profit corporation subject to State oversight.

Accounting Principle Change

The public benefit corporations are presented as the Proprietary Fund Type to conform to the requirements of the National Council on Governmental Accounting's *Statement 7: Financial Reporting for Component Units Within the Governmental Reporting Entity* which was adopted by the Governmental Accounting Standards Board. The public benefit corporations were previously presented as discrete entities. This change in presentation has no effect on the entities included or on the content or manner of presentation; however, it does result in the presentation of the combined statement of changes in financial position which was not previously presented.

Financial Information

Substantially all of the financial data was derived from audited annual financial statements and summarized into the accompanying format. Certain amounts have been reclassified to conform to the 1985 presentation. The public benefit corporations predominantly follow the accrual basis of accounting as required for the Proprietary Fund Type. A few of the individual component units, principally the Thruway Authority and the State Insurance Fund, do not fully conform to the accrual basis as applied to the Proprietary Fund Type, however, the impact of these variances is not material to the public benefit corporations in total. Nine of the forty-seven entities presented comprise 93% of the combined assets and revenues (before eliminations). The accounts of these nine entities are provided below along with an explanation of significant and/or unusual accounts (amounts in thousands):

	Power Authority	Thruway Authority	Metropolitan Transportation Authority	Dormitory Authority	Housing Finance Agency	Urban Development Corporation
ASSETS:						
Cash and marketable securities	$ 1,357,801	$ 248,356	$ 1,427,987	$ 1,280,988	$ 1,188,070	$ 172,507
Receivables, net:						
Due from Federal government	—	—	—	—	—	—
Loans and leases	—	—	—	2,598,419	5,220,227	1,076,913
Other	99,332	11,400	1,173,317	11,349	150,127	169,645
Fixed assets, net	2,815,776	1,042,146	3,524,516	74	—	—
Other assets	142,212	7,282	366,116	358	—	—
Total assets	**$ 4,415,121**	**$ 1,309,184**	**$ 6,491,936**	**$ 3,891,188**	**$ 6,558,424**	**$ 1,419,065**
LIABILITIES and EQUITY:						
Pension contributions payable	$ —	$ 16,112	$ 1,299,979	$ 1,510	$ —	$ —
Accounts payable	—	—	65,661	—	—	—
Accrued liabilities	119,469	35,880	686,687	62,910	398,920	43,554
Deferred revenues	98,754	236	104,980	4,380	24,950	28,406
Notes payable	80,000	—	—	57,579	9,450	147,591
Bonds payable	2,669,735	431,099	2,465,569	3,503,462	5,775,020	996,225
Other long-term liabilities	95,388	—	292,202	—	158,769	386,060
Total liabilities	**3,063,346**	**483,327**	**4,915,078**	**3,629,841**	**6,367,109**	**1,601,836**
Equity (deficit):						
Contributed	—	102,858	1,312,082	—	—	—
Restricted	1,351,775	147,066	35,845	230,462	138,473	—
Unrestricted	—	575,933	228,931	30,885	52,842	(182,771)
Total equity (deficit)	**1,351,775**	**825,857**	**1,576,858**	**261,347**	**191,315**	**(182,771)**
Total liabilities and equity	**$ 4,415,121**	**$ 1,309,184**	**$ 6,491,936**	**$ 3,891,188**	**$ 6,558,424**	**$ 1,419,065**
REVENUES:						
Charges for services	$ 1,220,219	$ 178,492	$ 2,147,835	$ 14,252	$ 9,571	$ —
Financing income	—	—	—	239,683	379,451	80,625
Investment earnings	86,318	24,307	57,282	69,196	43,277	19,425
State subsidies and grants	—	—	614,629	—	1,900	8,723
City/county subsidies and grants	—	—	603,204	—	—	—
Federal grants	—	—	106,458	—	—	661
Miscellaneous	49,665	10,499	108,052	5,225	894	4,504
Total revenues	**1,356,202**	**213,298**	**3,637,460**	**328,356**	**435,093**	**113,938**
EXPENSES:						
Operations	816,601	161,191	3,417,383	90,956	18,755	14,081
Depreciation and amortization	138,111	—	100,728	49	—	971
Interest	186,686	15,876	32,133	245,230	396,283	86,681
Total expenses	**1,141,398**	**177,067**	**3,550,244**	**336,235**	**415,038**	**101,733**
Excess (deficiency) of revenues over (under) expenses	**214,804**	**36,231**	**87,216**	**(7,879)**	**20,055**	**12,205**
Equity (deficit) at beginning of year	1,136,971	777,306	751,914	269,226	309,801	(194,976)
Other equity changes	—	12,320	737,728	—	(138,541)	—
Equity (deficit) at end of year	**$ 1,351,775**	**$ 825,857**	**$ 1,576,858**	**$ 261,347**	**$ 191,315**	**$ (182,771)**

State Insurance Fund	SONY Mortgage Agency	Medical Care Facilities Finance Agency	Other Entities	Total	Eliminations	Total Public Benefit Corporations
$ 2,062,006	$ 730,330	$ 643,223	$ 385,817	$ 9,497,085	$ 1,063,221	$ 8,433,864
—	—	—	208	208	—	208
—	1,012,762	1,142,426	663,412	11,714,159	3,347,470	8,366,689
289,756	17,092	12,088	259,376	2,193,482	1,130,948	1,062,534
3,561	—	—	965,463	8,351,536	—	8,351,536
14,351	32,874	—	24,197	587,390	—	587,390
$ 2,369,674	**$ 1,793,058**	**$ 1,797,737**	**$ 2,298,473**	**$32,343,860**	**$ 5,541,639**	**$26,802,221**
$ —	$ —	$ —	$ 9,350	$ 1,326,951	$ —	$ 1,326,951
—	—	536	5,824	72,021	—	72,021
2,031,891	120,791	121,654	143,902	3,765,658	324	3,765,334
102,264	—	4,363	18,458	386,791	—	386,791
—	—	44,000	81,506	420,126	177,591	242,535
—	1,536,717	1,575,432	776,958	19,730,217	5,061,409	14,668,808
—	—	1,500	209,554	1,143,473	112,315	1,031,158
2,134,155	**1,657,508**	**1,747,485**	**1,245,552**	**26,845,237**	**5,351,639**	**21,493,598**
—	—	—	672,068	2,087,008	—	2,087,008
—	—	47,864	123,737	2,075,222	—	2,075,222
235,519	135,550	2,388	257,116	1,336,393	190,000	1,146,393
235,519	**135,550**	**50,252**	**1,052,921**	**5,498,623**	**190,000**	**5,308,623**
$ 2,369,674	**$ 1,793,058**	**$ 1,797,737**	**$ 2,298,473**	**$32,343,860**	**$ 5,541,639**	**$26,802,221**
$ 329,703	$ —	$ 3,421	$ 97,001	$ 4,000,494	$ —	$ 4,000,494
—	91,021	121,064	61,511	973,355	—	973,355
222,078	72,432	57,998	48,209	700,522	—	700,522
—	—	—	117,055	742,307	—	742,307
—	—	—	39,094	642,298	—	642,298
—	—	—	194,794	301,913	—	301,913
2,763	13,747	—	41,461	236,810	—	236,810
554,544	**177,200**	**182,483**	**599,125**	**7,597,699**	**—**	**7,597,699**
549,356	18,464	3,436	498,886	5,589,109	—	5,589,109
202	370	—	18,261	258,692	—	258,692
—	128,197	150,134	56,639	1,297,859	—	1,297,859
549,558	**147,031**	**153,570**	**573,786**	**7,145,660**	**—**	**7,145,660**
4,986	**30,169**	**28,913**	**25,339**	**452,039**	**—**	**452,039**
223,940	105,381	20,942	962,325	4,362,830	190,000	4,172,830
6,593	—	397	65,257	683,754	—	683,754
$ 235,519	**$ 135,550**	**$ 50,252**	**$ 1,052,921**	**$ 5,498,623**	**$ 190,000**	**$ 5,308,623**

Power Authority

The Power Authority of the State of New York was created in 1931 to help provide a continuous adequate supply of dependable electric power and energy to the people of the State. The Authority generates, transmits, and sells electric power and energy principally at wholesale to various customers including private and municipal utilities.

The Authority's principal asset, fixed assets (utility plant), is stated at original cost and consists primarily of amounts expended to license, construct, acquire, complete and place in operation projects of the Authority. Depreciation is provided on a straight-line basis over the estimated useful lives of various classes of plant with the exception of nuclear fuel which is amortized over its estimated useful life on the unit-of-production basis. The average life for depreciable electric plant is approximately 40 years. Investments costing $1.4 billion consist of U.S. Government Securities. Interest expense is net of interest capitalized of $27 million. Employees of the Authority are members of PERS and pension expense for the year was $12.9 million.

As a result of a decision by the Federal Energy Regulating Commission, the Authority recorded a provision for refunds of $42 million on December 31, 1982. On August 15, 1984 the U.S. Court of Appeals issued a decision that no refunds are required by the Authority. As a result, the $42 million is recorded as miscellaneous revenues.

Several of the Authority's planned existing projects or revenues therefrom are involved in proceedings before Federal and State courts and agencies. The effect of these matters has delayed and may impede the Authority's construction and operations of such projects or planned projects and require the Authority to incur substantial additional costs or reductions in revenues. The Authority's General Counsel believes the Authority has meritorious positions with respect to these matters.

Subsequent to the end of its fiscal year, the Authority:

- Issued $270 million principal amount of General Purpose Bonds to refund a prior series;
- Issued $200 million Adjustable Rate Tender Notes to pay a portion of the cost of a transmission line project;
- Issued $50 million of tax exempt commercial paper to fund various construction costs.

Thruway Authority

The New York State Thruway Authority was created as a public corporation by the New York State Legislature in 1950 with powers to construct, operate and maintain a Thruway system. The Authority has also been authorized by the Legislature to act as a financing agent for issuing Emergency Highway Reconditioning and Preservation Bonds and Notes to finance improvements to State highways.

The accounts of the Thruway Authority are maintained in accordance with the provisions of its bond resolutions and accordingly, the Authority's financial statements are not intended to present financial condition and results of operations in conformity with generally accepted accounting principles. The accounts of the Authority follow generally accepted accounting principles except as follows:

- The General Revenue Bond Resolution states the operating expenses shall not include any allowance for depreciation and, accordingly, no provisions for depreciation was included in the accounts;
- Equipment replacements are not capitalized; and
- All operating and maintenance costs, including materials and supplies, repairs, replacements and provisions for reasonable and necessary reserves to maintain facilities and equipment in good operating condition are charged to operations.

The primary asset, thruway project, ($1 billion) consists primarily of highways, bridges, buildings and equipment. Investments totaling $171 million consist of U.S. Government securities. During the year, the Authority recorded a $3 million cumulative adjustment for vacation pay earned and vested to date which is recorded as an other equity change. The remainder of other equity changes resulted from a provision of $15 million for reasonable and necessary reserves to maintain facilities and equipment in good working condition. Employees are members of PERS and pension expense for the year was $11 million.

The Authority has been named as a defendant in a number of legal actions arising from various causes. Various types of liability insurance coverage are carried and the ultimate amounts required to settle such litigation are not expected to have a material effect on the financial condition of the Authority.

Metropolitan Transportation Authority

The Metropolitan Transportation Authority was created to continue, develop and improve public transportation and to develop and implement a unified public transportation policy in the New York Metropolitan area. The accounts presented as the Metropolitan Transportation Authority are the combined acccounts of the following related entities:

- Metropolitan Transportation Authority (MTA)
- New York City Transit Authority (NYCTA)
- Manhattan and Bronx Surface Transit Operating Authority (MABSTOA)
- Staten Island Rapid Transit Operating Authority (SIRTOA)
- Metropolitan Suburban Bus Authority (MSBA)
- The Long Island Railroad Company (LIRR)
- Triborough Bridge and Tunnel Authority (TBTA)
- Metro-North Commuter Railroad Company (M-NCRC)

Significant inter-entity transactions and balances were eliminated in combination. The primary asset, fixed assets, is reported net of $650 million accumulated depreciation which is provided on a straight-line basis over the estimated useful lives of the fixed assets which range from seven to one hundred years. Certain equipment and other capital used by NYCTA, MABSTOA, MSBA, and SIRTOA, primarily rolling stock, are funded and owned by City , State and Federal governments and accordingly, are not recorded by the Authorities. Capital expenditures during the year were made in accordance with the five-year capital program implemented by MTA in 1982. The program approximates $8.5 billion and will be financed by Federal grants, long-term State service contracts, bonds to be issued by TBTA, proceeds from the sale of tax benefits and

MTA bonds secured by system revenues and other sources. Approximately $4.6 billion has been committed under the program as of December 31, 1984. Investments of $1.4 billion consist of U.S. Government and agency securities and investments held under repurchase agreements collateralized by U.S. Government securities.

Interest expense on MTA service contract bonds and TBTA convention center bonds with principal amounts of $831 and $375 million respectively are repaid through charges to the State and therefore interest expense on these bonds is not recorded. Interest expense is net of interest capitalized of $36 million.

Other equity changes of $738 million are comprised of Federal and State grants and other financing sources for capital projects ($767 million), less the effect of an accounting policy change by MTA for revenue recognition of operating subsidies ($23 million) and other changes ($6 million).

Employees are members of PERS or union sponsored plans and pension expense for the year was $434 million. The question of whether the LIRR pension plan should be subject to the Employees Retirement Income Security Act of 1974 (ERISA) is being litigated before the United States Court of Appeals. If the provisions of ERISA are determined to apply, LIRR may be required to contribute as much as $100 million to fund the plans for the period from January 1, 1976 through February 1980, or up to $302 million through December 1984 should ERISA apply to LIRR after it became a public benefit corporation in February 1980. Management believes that LIRR has persuasive arguments in support of the position that the plan is a "governmental plan" and not subject to ERISA and that those arguments should prevail. MTA and its related entities are also involved in civil rights suits and suits for personal injuries. Such litigation is not expected to have a significant adverse effect on their financial condition.

In May of 1984, NYCTA, MABSTOA, the City of New York and the Port Authority of New York and New Jersey initiated a suit against a bus manufacturer to recover damages of approximately $340 million. The manufacturer countersued for $1 billion. Management and counsel for NYCTA and MABSTOA believe that their complaint is meritorious and the likelihood that the counterclaim will result in any material liability is remote.

Subsequent to the end of its fiscal year:

- TBTA entered into a contract to sell the East Side Airlines Terminal. The proceeds of approximately $91 million will be used to finance the purchase of capital assets for NYCTA and the commuter railroads.
- TBTA issued $400 million of Transit Project bonds.
- MTA issued $42 million of Revenue Anticipation notes.

Dormitory Authority

The Dormitory Authority was established in 1944 for the purpose of financing, designing, constructing, purchasing, reconstructing and/or rehabilitating buildings ("projects") for use by educational and other not-for-profit institutions.

The primary asset, loans and leases receivable, is comprised of net investments in direct financing leases ($2.3 billion) which arise from projects leased under long-term noncancellable contracts and are accounted for as financing transactions and construction and mortgage receivables. Approximately 30% of

the direct financing leases are with the State for State University, City University Senior Colleges, and State Health Department projects (see Note 7). No provision has been made for potential losses on mortgage and lease receivables because of collateral and reserve funds held. Included in operations is a $29.4 million loss from the defeasance of bond anticipation notes payable and bonds payable.

Investments of $1.3 billion consist principally of obligations of the U.S. Government. Interest expense is net of capitalized interest of $11.4 million. Employees are members of PERS and pension expense for the year was $614 thousand.

The Authority is a defendant in a number of pending legal actions. There are also a number of threatened actions involving the Authority. It is management's opinion that those pending or threatened matters that would be material to the financial statements are covered by insurance or bonds filed with the Authority should a liability arise, or the Authority has the legal power and ability to seek funds to meet any such matters.

Housing Finance Agency

The New York State Housing Finance Agency was created to finance low and middle income housing through the sale of tax-exempt securities. The original mandate of the Agency has been expanded through legislation to include financing of non-profit hospitals, nursing homes, municipal health facilities, State University facilities, and community related projects such as day care and senior citizens centers and facilities for the mentally ill and mentally retarded.

The primary asset, loans and leases receivable, is comprised of mortgage and other loans ($2.4 billion), and lease receivables ($2.9 billion) which arise from projects leased under long-term noncancellable contracts and are accounted for as financing transactions. Lease receivables are primarily with the State for the State University Construction and the Mental Hygiene Improvement Programs (see Note 7). The provision for possible uncollectible mortgage loans was $6.2 million at year-end.

Investments of $1 billion are restricted to direct or guaranteed obligations of the U.S. Government, its agencies, the State and under certain circumstances, interest bearing deposits collateralized by U.S. Government obligations or similar bank investment securities. Other long-term liabilities consist of amounts due to the State which represent the accumulated amount of unrepaid monies appropriated by the State legislature to the Agency. State repayment obligations are payable when the related mortgage loans are collected. New amounts received from the State totaled approximately $22 million, while repayments and reductions were $7 million. Employees are members of PERS and pension expense for the year was $495 thousand.

The Agency has changed its accounting method for recognition of investment earnings on undisbursed bond proceeds of the State University Construction Program and the Health Facilities Program. Previously, revenues on these items were recognized in the year earned. Accumulated earnings were reported as part of the fund balance to the extent the earnings were not used to pay debt service or used to finance project costs. The Agency has changed its accounting for these investment earnings by recording such earnings as an accrued liability rather than as a fund balance. The change ($135 million) is reflected in other equity changes. The remainder of the other equity changes results from a $3 million increase in the investment valuation allowance.

The auditor's report is qualified subject to the outcome of the following two matters:

- A mortgage loan and other receivables in the amount of $494 million relating to the Co-Op City project are in arrears. The collectibility of such receivables is dependent upon the project's ability to generate future revenues sufficient to cover operating costs, including debt service, the ability of the mortgagor to obtain additional financing or its ability to restructure its debts.
- The Agency is a defendant in lawsuits with respect to Co-Op City. The final outcome of these lawsuits is not presently determinable.

The Agency is involved in various other actions the outcome of which, in its opinion, will not result in any material adverse financial effect on its programs.

Subsequent to the end of its fiscal year, the Agency:

- Issued $52 million of mortgage revenue housing bonds and redeemed $63 million of various notes and bonds in addition to scheduled redemptions. The redemptions included $53 million of bond and note defeasances.
- Received $22 million State appropriations to restore debt service reserve funds to the required level and repaid $6 million of obligations to the State.

Urban Development Corporation

The New York State Urban Development Corporation (UDC) was established by legislative act in 1968 as a corporate governmental agency of the State of New York. UDC has various powers which it may employ to promote civic, industrial, commercial or residential development within New York State. UDC utilizes its development expertise and its special statutory powers to facilitate tax abatement and tax-exempt financing in order to encourage private developers or industrial corporations to make capital improvements in economically or physically blighted areas. UDC also provides technical assistance to, and program management for, State and Federally funded projects. Since inception, UDC has developed and furnished financing for 116 residential projects and the Corporation does not presently contemplate financing any new residential projects. UDC has also developed and financed civic, commercial and industrial projects, and is developing two new communities.

The primary asset, loans and leases receivable, is comprised principally of residential mortgage loans receivable ($847 million, of which $751 million are subsidized mortgages). Residential mortgage loans are collaterialized by a first lien on the project and are payable by the Housing Company borrower in equal monthly debt service installments of principal and interest over a 40 year period.

Because a substantial number of subsidized mortgagors are presently unable to fully satisfy debt service obligations, and since it is anticipated that this condition will continue, UDC, for accounting purposes, amortizes its subsidized residential mortgage loans solely from amounts received from the United States Department of Housing and Urban Development ("HUD"). Such method will result in the recovery of UDC's

investment over the remaining period to maturity of the subsidized mortgage loans with an estimated annual yield on the unrecovered investment of approximately 5%, subject only to the continued receipt of HUD payments. Debt service payments from Housing Companies on such loans are accounted for as interest income as received. In addition, interest on non-subsidized residential mortgage loans is recognized as received, based on an effective yield determined on the basis of management's estimate of future cash receipts to be received on the loans in relation to UDC's investment in the loans. Payments on both subsidized and non-subsidized residential mortgage loans which are received during a period subsequent to the end of the fiscal year and which are applicable to such year are accrued. UDC continues to be legally entitled to receive all unpaid interest and principal payments under the mortgages. Such past due unpaid amounts were $125.6 million at March 31, 1985. No provision is made for possible uncollectible residential mortgage loans receivable. A provision of $94.6 million is provided for other receivables deemed to be uncollectible.

Investments totalling $172 million consist of State and Federal obligations and repurchase agreements. Other long-term liabilities represent the accumulated amount of monies appropriated by the State Legislature that have been received and not repaid. During the year, the State provided $3.9 million in appropriations related to certain special projects that are repayable only to the extent that UDC is repaid for investments under the projects. No repayments were made to the State during the year. An additional $8.7 million State subsidy was received during the year that does not require repayment. UDC is, and will remain, dependent upon the State for appropriations to meet its financing requirements. Employees are members of PERS and pension expense for the year was $1.1 million.

In connection with its mortgage loan enforcement efforts, foreclosure proceedings have commenced on several projects. These proceedings have resulted in counterclaims for damages. UDC has also been named defendant in other legal actions. UDC believes such litigation will not have a material adverse effect on its financial condition.

State Insurance Fund

The State Insurance Fund is comprised of the Workers' Compensation Fund and the Disability Benefits Fund and is primarily engaged in writing insurance, on a competitive basis, for workers' compensation and disability benefits coverage.

The State Insurance Fund prepares its financial statements in conformity with accounting practices prescribed or permitted by the New York State Insurance Department which vary in certain material respects from generally accepted accounting principles. Accordingly, the financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. The principal variances are as follows:

- A contingent receivable of $190 million from New York State is recorded (see Note 10);
- Assets of approximately $39 million are not recognized;
- Policy acquisition costs are charged to operations as incurred;
- Premium adjustments are recognized as written when billed to policyholders; and

Imputed rent revenues and related contra expenses of $3.5 million are recorded relating to the Fund's use of its own buildings.

The primary asset, investments, ($2.1 billion) consists of U.S. Government and Government agency obligations, New York City and State obligations, Corporate bonds, Insured FHA mortgage and collateral loans (repurchase agreements). Employees are members of PERS and pension expense for the year was $4.8 million.

Substantially all property owned by the fund is used for its own operations. Buildings are depreciated over estimated useful lives (25 or 40 years) using the straight-line method.

State of New York Mortgage Agency

The State of New York Mortgage Agency (Agency) was created in 1970 to alleviate shortages of funds available for residential mortgages within the State that occur in the banking system. To accomplish this purpose, the Agency issued tax-exempt mortgage revenue bonds and used the proceeds to purchase existing residential mortgage loans from New York State banks with the provision that the banks invest the proceeds in new residential mortgage loans within the State. In 1982, the Legislation noted above was amended to permit bond proceeds to be used directly to originate new mortgage loans through participating banks.

The Agency's primary asset, loans and leases receivable, consists primarily of mortgage loans ($1 billion) financed by long-term indebtedness. Mortgage loans on real estate are stated at their unpaid principal balance, less unearned discount. Unearned discount is amortized to earnings based upon the level yield method. Agency investments ($651 million) consist of U.S. Treasury securities, U.S. Government Agency securities, and interest earning bank deposits collateralized by New York State and U.S. Government obligations.

All full-time employees of the Agency are covered by PERS and pension expense for the year was $234 thousand.

Subsequent to the end of its fiscal year, the Agency issued additional Mortgage Revenue bonds (fifth series) for approximately $200 million. As a result of this issue the Agency will establish $184 million of additional mortgages in the Single Family Program.

Medical Care Facilities Finance Agency

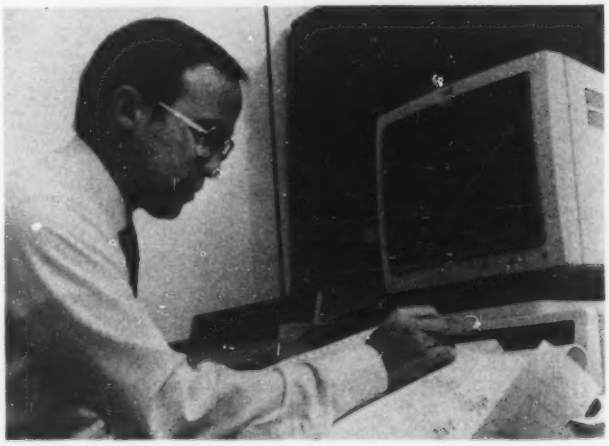
The New York State Medical Care Facilities Finance Agency (Agency) is authorized to issue bonds and notes for the purpose of making mortgage and equipment loans to non-profit hospitals, nursing home companies and medical corporations, for making loans to qualified health maintenance organizations and for the financing of the construction of municipal health facilities in aggregate principal amounts not to exceed two billion five hundred fifty million dollars for the first two categories and one billion dollars for the third.

The primary asset, loans and leases receivable, is comprised of mortgage loans ($1.1 billion) financed by long-term indebtedness. Investments of $641 million are restricted to direct or guaranteed obligations of the U.S. Government, direct obligations of Federal agencies or the State and, under certain circumstances, interest bearing time deposits or similar bank investment securities collateralized by U.S. Government obligations, or interest bearing notes issued by banks or bank holding companies. A valuation allowance is established to the extent by which the aggregate cost of investments exceeds market value and is reported as a part of restricted equity. The decrease in the investment valuation allowance during the year is reported as an other equity change.

Subsequent to the end of its fiscal year, the agency issued $775 million in Hospital Mortgage Revenue Bonds.

Eliminations

Eliminations are made primarily to avoid duplicate reporting of assets and liabilities. As explained in Note 7, the State services a significant portion of the bonds and notes payable of certain public benefit corporations. Since this liability is reported by the State, an equivalent amount ($5.091 billion) of bonds payable, notes payable and related assets is eliminated in arriving at the totals for the public benefit corporations. This amount differs from the amount in Note 7 ($5.092 billion) primarily due to transactions occurring between the corporations' reported fiscal year-ends and the State's March 31, 1985 year-end. The second elimination ($450 million) is to delete a $260 million receivable and payable between the Urban Development Corporation and the Project Finance Agency, and a $190 million contingent receivable (and related equity amount) reported by the State Insurance Fund.



Other Information

Cash and marketable securities (before eliminations) includes approximately $9.1 billion of marketable securities at cost, which approximates market value. Receivables are presented net of allowances for uncollectibles of $198 million.

Changes in fixed assets were as follows (amounts in thousands):

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Power Authority	$ 3,586,233	$ 152,330	$ 14,015	$ 3,724,548
Thruway Authority	1,040,906	1,240	—	1,042,146
Metropolitan Transportation Authority	3,055,787	1,133,444	14,516	4,174,715
Dormitory Authority	653	—	—	653
State Insurance Fund	9,244	—	—	9,244
Other	976,153	117,640	5,510	1,088,283
	8,668,976	$ 1,404,654	$ 34,041	10,039,589
Less Accumulated Depreciation	1,467,550			1,688,053
	$ 7,201,426			$8,351,536

Fixed Assets were comprised of the following (amounts in thousands):

Land	$ 298,320
Land Improvements	2,752,492
Buildings	4,269,416
Equipment	2,719,361
	$ 10,039,589

Certain public benefit corporations issue their own serial and revenue bonds. These bonds, which have interest rates ranging from 0.10% to 15.0%, are not legal obligations of the State (see Notes 7 and 11). Changes in bonds outstanding (before eliminations) were as follows (amounts in thousands):

	Outstanding Beginning of Year	Issued	Redeemed	Outstanding End of Year
Power Authority	$ 2,376,156	$ 329,619	$ 36,040	$ 2,669,735
Thruway Authority	464,578	—	33,479	431,099
Metropolitan Transportation Authority	1,633,322	858,047	25,800	2,465,569
Dormitory Authority	2,859,937	846,824	203,299	3,503,462
Housing Finance Agency	5,692,497	206,681	124,158	5,775,020
Urban Development Corporation	1,015,096	3,057	21,928	996,225
State of New York Mortgage Agency	1,252,371	448,706	164,360	1,536,717
Medical Care Facilities Finance Agency	1,385,012	193,380	2,960	1,575,432
Other	658,511	147,785	29,338	776,958
	$ 17,337,480	$ 3,034,099	$ 641,362	$ 19,730,217

Debt service requirements to maturity are as follows (amounts in thousands):

First year	$ 336,506
Second year	398,838
Third year	447,290
Fourth year	464,912
Fifth year	523,602
Thereafter	17,559,069
	$ 19,730,217

Notes were issued by certain public benefit corporations to provide temporary or interim financing for special projects. The notes will be repaid from the proceeds of revenue bonds to be issued, from the renewal of the notes or from monies received from municipalities, Federal or State aid or other sources relative to the purpose of the issuance. Interest rates for these notes ranged from 5.0% to 12.5%. Changes in notes (before eliminations) were as follows (amounts in thousands):

	Outstanding Beginning of Year	Issued	Redeemed	Outstanding End of Year
Power Authority	$ 80,000	$ —	$ —	$ 80,000
Dormitory Authority	173,459	—	115,880	57,579
Housing Finance Agency	31,570	9,450	31,570	9,450
Urban Development Corporation	150,080	1,296	3,785	147,591
Medical Care Facilities Finance Agency	—	44,000	—	44,000
Other	123,526	65,781	107,801	81,506
	$ 558,635	**$ 120,527**	**$ 259,036**	**$ 420,126**

Public benefit corporations are also committed under numerous operating leases covering right-of-way and real property for which there is no evidence of purchase options or other traits of ownership passed to the public benefit corporations (capitalized leases are not significant). Future minimum lease payments under noncancellable leases exceeding one year are as follows (amounts in thousands):

First year	$ 7,788
Second year	7,672
Third year	7,559
Fourth year	7,306
Fifth year	6,410
Thereafter	91,160
	$ 127,895

NOTE 15

JOINT VENTURES

Joint ventures are independently constituted entities generally created by two or more governments for a specific purpose, such as contracting and maintaining an interstate or international bridge. Pursuant to current financial reporting standards, the State does not record its equity in joint ventures. The only significant joint venture in which the State of New York participates is the Port Authority of New York and New Jersey.

The Port Authority is a municipal corporate instrumentality of the States of New York and New Jersey created by compact between the two states in 1921 with the consent of the Congress of the United States. It is authorized and directed to plan, develop and operate terminals and other facilities of transportation and commerce, and to advance projects in the general fields of transportation, economic development, and world trade that contribute to promoting and protecting the commerce and economy of the Port District, defined in the compact, which comprises an area of about 1,500 square miles in both States, centering about New York Harbor.

The governor of each state appoints six of the twelve members of the governing Board of Commissioners, subject to confirmation by the respective state senate. Each governor has from time to time exercised the statutory power to veto the actions of the commissioners from his state.

The commissioners serve six-year overlapping terms as public officials without compensation. They establish Port Authority policy, appoint an Executive Director to implement it, and also appoint a General Counsel to act as legal advisor to the Board and to the Executive Director.

The compact envisions the Port Authority as being financially self-sustaining and, as such, it must obtain the funds necessary for the construction or acquisition of facilities upon the basis of its own credit, its reserve funds and its future revenues. The agency has neither the power to pledge the credit of either state or any municipality nor to levy taxes or assessments.

The Port Authority's annual budget is a financial planning tool outlining the estimated expenditures for programs already authorized or to be considered by the Board of Commissioners. It is not an authorization allocation, and approval of the Budget based on the financial plan does not in itself authorize projects. Each capital project must be separately considered and approved by the Commissioners. Upon approval, the financial plan becomes a means of achieving systematic control of program expenditures to ensure that they are made in accordance with the policies and financial decisions of the Board, and the requirements of the By-Laws of the Port Authority.

Consolidated financial statements for the Port Authority for the fiscal year ending December 31, 1984 disclosed the following (amounts in thousands):

Financial Position

Total assets	$4,456,952
Total liabilities	(2,588,405)
Net assets	**$1,868,547**

Operating Results

Operating revenues	$1,000,060
Operating expenses	(706,895)
Depreciation and amortization	(145,139)
Income from operations	148,026
Financial income (expense), net	(28,977)
Income before extraordinary items	119,049
Extraordinary Items:	
Gain on purchase of Port Authority Bonds in connection with future sinking fund requirements	3,821
Gain on insurance proceeds	7,072
Net income	**$ 129,942**

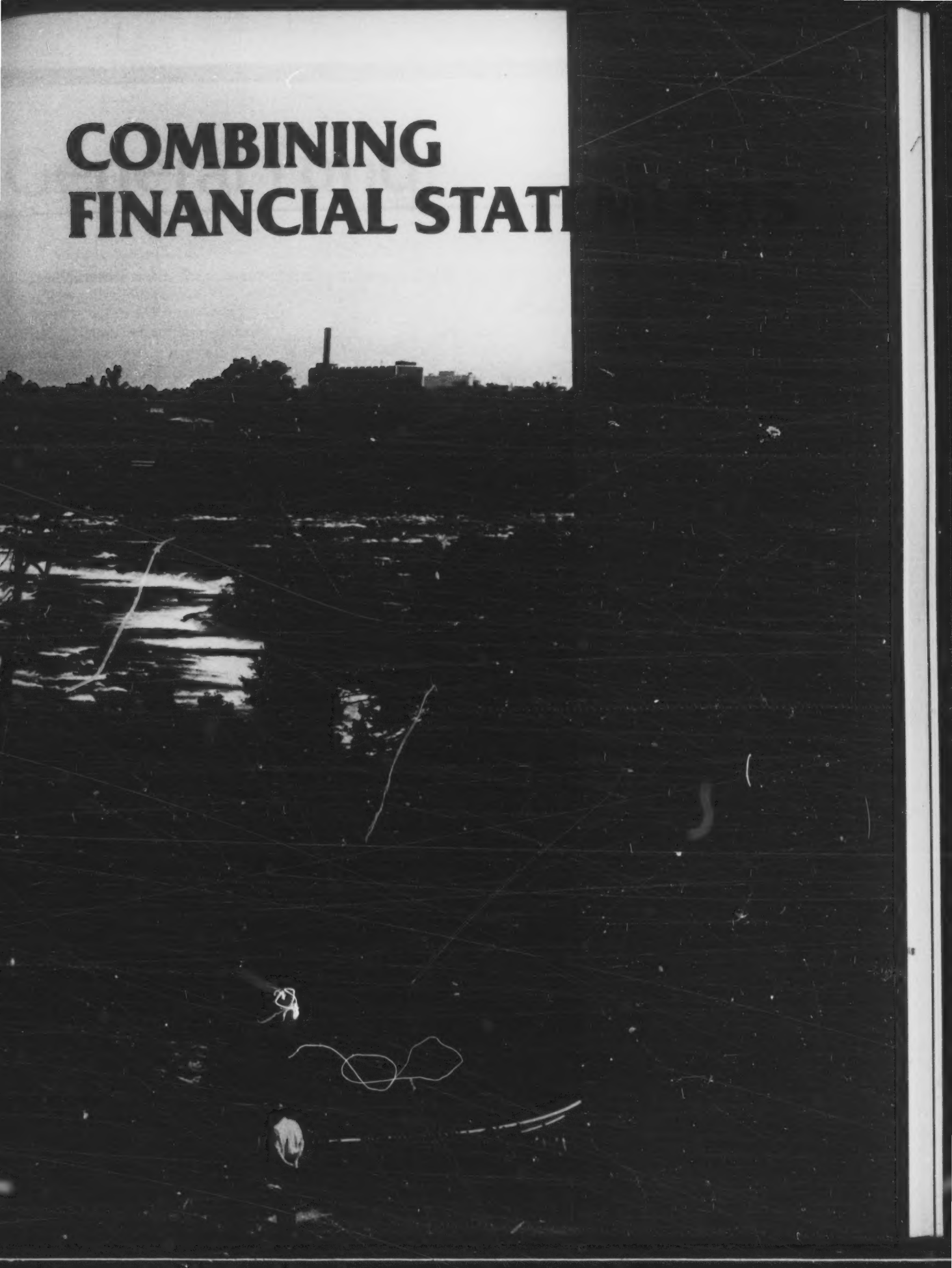
Changes in Net Assets

Balance, January 1, 1984	**$1,727,685**
Net income	129,942
Federal contributions in aid of construction	10,920
Balance, December 31, 1984	**$1,868,547**

Except for Special Project bonds, the Authority's debt is secured by its full faith and credit, its reserve funds or a pledge of specific net revenues of certain leases. Special Project Bonds are secured by a lease on the financed properties, a mortgage by the lessee of its leasehold interests under the lease and by a security interest in certain items of the lessee's personal property to be located at the project. At December 31, 1984 Port Authority debt consisted of the following (amounts in thousands):

General and Refunding bonds	$ 1,915
Consolidated bonds	2,105,148
Consolidated notes	106,000
Special project bonds	96,500
	$2,309,563

COMBINING FINANCIAL STAT



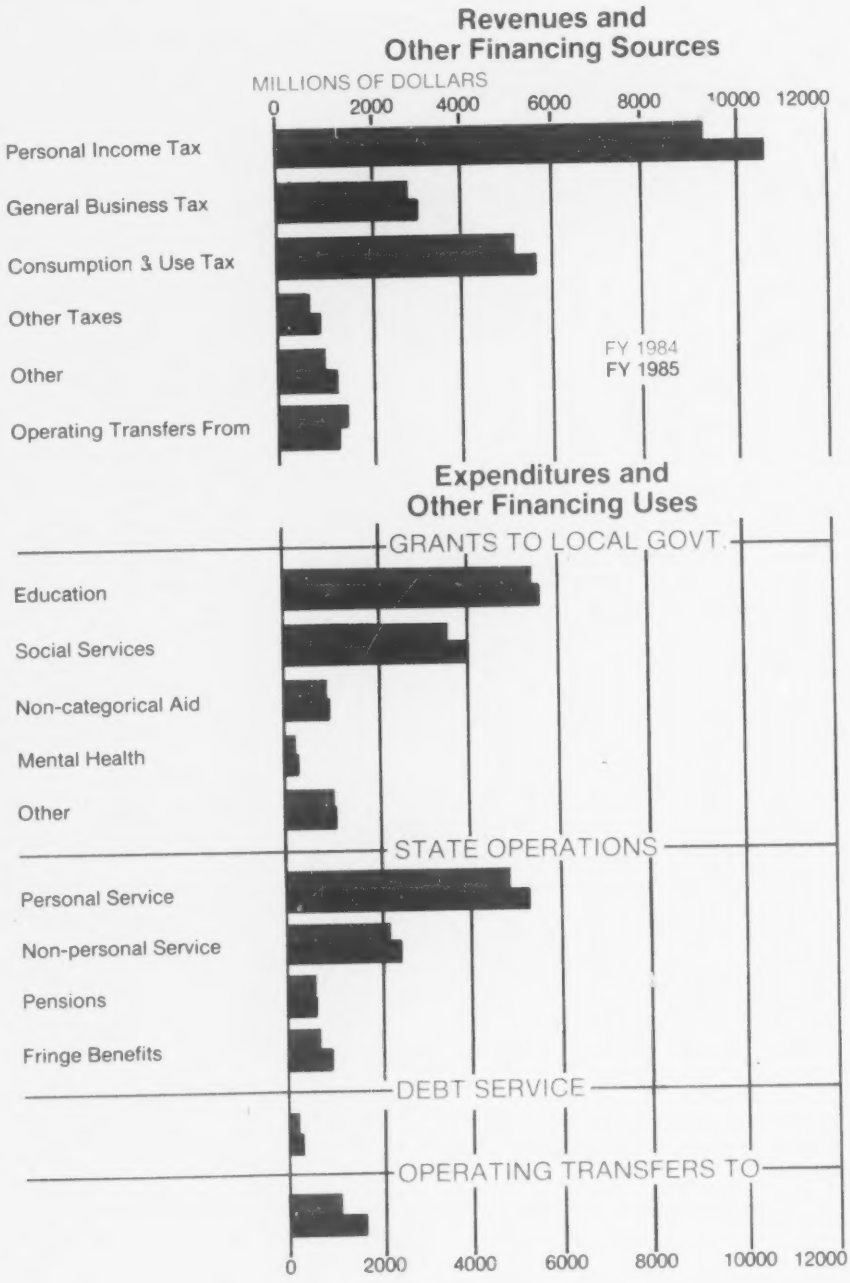
Whiteface Mountain

General Fund

The General Fund is the most significant of the State's funds. Most tax revenues and certain miscellaneous revenues are recorded in the General Fund.

The General Fund is divided into several accounts. Expenditures in the form of aid to local governments for their general purposes (e.g., State-local revenue sharing) and to school districts and municipalities for certain specific purposes (e.g., education and social services) are made from the Local Assistance account. These payments, often based on specific legislated formulas, are nevertheless limited under the State Constitution to appropriations in force. Expenditures from the Local Assistance account normally comprise approximately 60% of General Fund expenditures.

The expenditures of operating the departments of the Executive Branch, the Legislature and the Judiciary, as well as expenditures for General State charges such as contributions to employee retirement systems, are paid primarily from the State Purposes account and normally comprise approximately one-third of the General Fund expenditures.



STATE OF NEW YORK

General Fund — Combining Balance Sheet

March 31, 1985
(Amounts in thousands) (Unaudited)

	Local Assistance Account	State Purposes Account	Tax Stabilization Reserve Account	Centralized Services Account	DFY Commissary Account
ASSETS:					
Cash and marketable securities	$ 1,317	$ 106,051	$ 101,765	$ 7,145	$ 52
Receivables, net of allowances for uncollectibles:					
Taxes	—	2,973,937	—	—	—
Other	1,116	129,821	—	761	—
Due from other funds	8	11,319	99,371	12,765	—
Other assets	—	—	—	—	—
Total assets	**$ 2,441**	**$ 3,221,128**	**$ 201,136**	**$ 20,671**	**$ 52**
LIABILITIES:					
Tax refunds payable	$ —	$ 2,531,342	$ —	$ —	$ —
Payable to local governments	3,108,464	38,021	—	—	—
Pension contributions payable	—	706,967	—	—	—
Accounts payable	125	201,304	—	9,307	20
Accrued liabilities	511,022	446,348	—	905	—
Due to other funds	36,966	111,244	—	25,177	—
Deferred revenues	—	146,128	—	—	—
Total liabilities	**3,656,577**	**4,181,354**	**—**	**35,389**	**20**
EQUITY (DEFICIT):					
Fund balances (deficits):					
Reserved for:					
Encumbrances	93,179	179,264	—	9,539	—
Tax stabilization	—	—	201,136	—	—
Other specified purposes	1,116	4,170	—	—	—
Unreserved:					
Undesignated	(3,748,431)	(1,143,660)	—	(24,257)	32
Total equity (deficit)	**(3,654,136)**	**(960,226)**	**201,136**	**(14,718)**	**32**
Commitments and contingencies					
Total liabilities and equity	**$ 2,441**	**$ 3,221,128**	**$ 201,136**	**$ 20,671**	**$ 52**

State Exposition Special Account	Corrections Commissaries Account	Corrections Arts & Crafts Account	Miscellaneous Enterprise Account	Miscellaneous Internal Service Account	Earmarked Revenue Account	Mental Hygiene Revolving Account	DFY Vocational Education Account	Mental Hygiene Facilities Special Services Account
$ 1,214	$ 810	$ 1	$ 14	$ 36	$ 37,956	$ 388	$ 5	$ 6
—	—	—	—	—	—	—	—	—
—	—	—	—	—	872	—	—	—
—	25	—	—	—	611	—	—	—
—	—	—	—	—	—	—	—	—
$ 1,214	**$ 835**	**$ 1**	**$ 14**	**$ 36**	**$ 39,439**	**$ 388**	**$ 5**	**$ 6**
$ —	$ —	$—	$ —	$ —	$ —	$ —	$—	$—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
282	87	—	—	—	20,710	102	2	—
21	1	—	—	—	29,108	48	—	—
16	—	—	2	16	1,411	36	—	—
—	—	—	—	—	8,939	—	—	—
319	**88**	**—**	**2**	**16**	**60,168**	**186**	**2**	**—**
31	—	—	—	—	27,970	117	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
864	747	1	12	20	(48,699)	85	3	6
895	**747**	**1**	**12**	**20**	**(20,729)**	**202**	**3**	**6**
$ 1,214	**$ 835**	**$ 1**	**$ 14**	**$ 36**	**$ 39,439**	**$ 388**	**$ 5**	**$ 6**

STATE OF NEW YORK

General Fund — Combining Balance Sheet (Cont'd)

March 31, 1985
(Amounts in thousands) (Unaudited)

	Mental Hygiene Sheltered Workshop Account	Mental Hygiene Patient Workshop Account	Mental Hygiene Community Stores Account	Supply Support System Revolving Account	Audit and Control Revolving Account
ASSETS					
Cash and marketable securities	$ 418	$ 279	$ 3,848	$ 7,351	$ 1
Receivables, net of allowances for uncollectibles:					
Taxes	—	—	—	—	—
Other	—	—	104	58	1,822
Due from other funds	—	1	3	9,778	—
Other assets	—	—	—	—	—
Total assets	**$ 418**	**$ 280**	**$ 3,955**	**$ 17,187**	**$ 1,823**
LIABILITIES:					
Tax refunds payable	$ —	$ —	$ —	$ —	$ —
Payable to local governments	—	—	—	—	—
Pension contributions payable	—	—	—	—	—
Accounts payable	48	45	2,310	4,008	—
Accrued liabilities	—	—	79	877	244
Due to other funds	—	—	534	941	1,291
Deferred revenues	—	—	—	—	—
Total liabilities	**48**	**45**	**2,923**	**5,826**	**1,535**
EQUITY (DEFICIT)					
Fund balances (deficits):					
Reserved for:					
Encumbrances	4	—	53	9,487	184
Tax stabilization	—	—	—	—	—
Other specified purposes	—	—	—	—	709
Unreserved:					
Undesignated	366	235	979	1,874	(605)
Total equity (deficit)	**370**	**235**	**1,032**	**11,361**	**288**
Commitments and contingencies					
Total liabilities and equity	**$ 418**	**$ 280**	**$ 3,955**	**$ 17,187**	**$ 1,823**

Health Insurance Revolving Account	Correctional Industries Revolving Account	Taxation and Finance Revolving Account	Industrial Exhibit Authority Account	CUNY Unrestricted Account	Eliminations	Totals March 31, 1985	Totals March 31, 1984
$ 6	$ 63	$ 2,547	$ 270	$ 6,025	$ —	$ 277,568	$ 183,155
—	—	—	—	—	—	2,973,937	2,561,762
—	3,319	—	2	4,495	—	142,370	69,353
2,397	1	—	—	—	(124,370)	11,909	5,510
—	—	—	—	303	—	303	274
$ 2,403	**$ 3,383**	**$ 2,547**	**$ 272**	**$ 10,823**	**$(124,370)**	**$ 3,406,087**	**$ 2,820,054**
$ —	$ —	$ —	$ —	$ —	$ —	$ 2,531,342	$ 2,451,580
—	—	—	—	—	—	3,146,485	2,618,500
—	—	—	—	—	—	706,967	713,303
4	3,339	258	146	2,974	—	245,071	240,734
282	389	—	36	—	—	989,360	872,125
5,657	2,120	1,079	1	—	(124,370)	62,121	81,749
—	2,121	—	—	4,328	—	161,516	173,133
5,943	**7,969**	**1,337**	**183**	**7,302**	**(124,370)**	**7,842,862**	**7,151,124**
9	1,787	44	—	—	—	321,668	149,822
—	—	—	—	—	—	201,136	200,901
—	—	—	—	—	—	5,995	14,147
(3,549)	(6,373)	1,166	89	3,521	—	(4,965,574)	(4,695,940)
(3,540)	**(4,586)**	**1,210**	**89**	**3,521**	**—**	**(4,436,775)**	**(4,331,070)**
$ 2,403	**$ 3,383**	**$ 2,547**	**$ 272**	**$ 10,823**	**$(124,370)**	**$ 3,406,087**	**$ 2,820,054**

STATE OF NEW YORK

General Fund — Combining Statement of Revenues, Expenditures And Changes In Fund Balances

Year Ended March 31, 1985
(Amounts in thousands) (Unaudited)

	Local Assistance Account	State Purposes Account	Tax Stabilization Reserve Account	Centralized Services Account	DFY Commissary Account
REVENUES:					
Taxes:					
Personal income	$ —	$ 10,595,701	$ —	$ —	$ —
General business	—	3,041,525	—	—	—
Consumption and use	—	5,674,695	—	—	—
Other	—	885,719	—	—	—
Federal grants	—	62,115	—	7,548	—
Miscellaneous	671	939,773	—	111,183	276
Total revenues	**671**	**21,199,528**	**—**	**118,731**	**276**
EXPENDITURES:					
Grants to local governments:					
Education	5,748,479	—	—	—	—
Social services	4,015,808	—	—	—	—
Non-categorical aid	948,131	—	—	—	—
Health and environmental	217,743	—	—	—	—
Transportation	325,227	—	—	—	—
Mental health	345,265	—	—	—	—
Housing and urban renewal	83,099	—	—	—	—
Other programs	409,148	882	—	—	—
Operations of state departments and agencies:					
Personal service costs	339,808	3,824,311	—	12,752	—
Non-personal service costs	101,205	1,806,748	—	100,592	244
Pension contribution	—	661,680	—	—	—
Other fringe benefits	—	810,427	—	3,959	—
Debt service, including payments on financing agreements	—	247,964	—	—	—
Total expenditures	**12,534,213**	**7,352,012**	**—**	**117,303**	**244**
Excess (deficiency) of revenues over expenditures	**(12,533,542)**	**13,847,516**	**—**	**1,428**	**32**
OTHER FINANCING SOURCES (USES):					
Operating transfers from other funds	12,062,874	121,771	235	—	—
Operating transfers to other funds	(69,291)	(13,546,286)	—	—	—
Net other financing sources (uses)	**11,993,583**	**(13,424,515)**	**235**	**—**	**—**
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(539,959)	423,001	235	1,428	32
Fund balance (deficits) at April 1, 1984	(3,114,177)	(1,383,227)	200,901	(16,146)	—
Fund balances (deficits) at March 31, 1985	**$ (3,654,136)**	**$ (960,226)**	**$ 201,136**	**$ (14,718)**	**$ 32**

State Exposition Special Account	Corrections Commissaries Account	Corrections Arts & Crafts Account	Miscellaneous Enterprise Account	Miscellaneous Internal Service Account	Earmarked Revenue Account	Mental Hygiene Revolving Account	DFY Vocational Education Account	Mental Hygiene Facilities Special Services Account
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	8,823	—	—	—
3,667	13,192	1	6	4	77,594	491	28	6
3,667	**13,192**	**1**	**6**	**4**	**86,417**	**491**	**28**	**6**
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	6,181	—	—	—
986	—	—	—	—	1,093,772	514	—	—
1,850	12,445	—	19	39	242,483	708	25	—
—	—	—	—	—	—	—	—	—
86	—	—	—	—	10,165	158	—	—
—	—	—	—	—	—	—	—	—
2,922	**12,445**	**—**	**19**	**39**	**1,352,601**	**1,380**	**25**	**—**
745	**747**	**1**	**(13)**	**(35)**	**(1,266,184)**	**(889)**	**3**	**6**
—	—	—	—	—	1,268,822	—	—	—
—	—	—	—	—	(27)	—	—	—
—	—	—	—	—	**1,268,795**	—	—	—
745	747	1	(13)	(35)	2,611	(889)	3	6
150	—	—	25	55	(23,340)	1,091	—	—
$ 895	**$ 747**	**$ 1**	**$ 12**	**$ 20**	**$ (20,729)**	**$ 202**	**$ 3**	**$ 6**

STATE OF NEW YORK

General Fund — Combining Statement of Revenues, Expenditures And Changes In Fund Balances (Cont'd)

Year Ended March 31, 1985
(Amounts in thousands) (Unaudited)

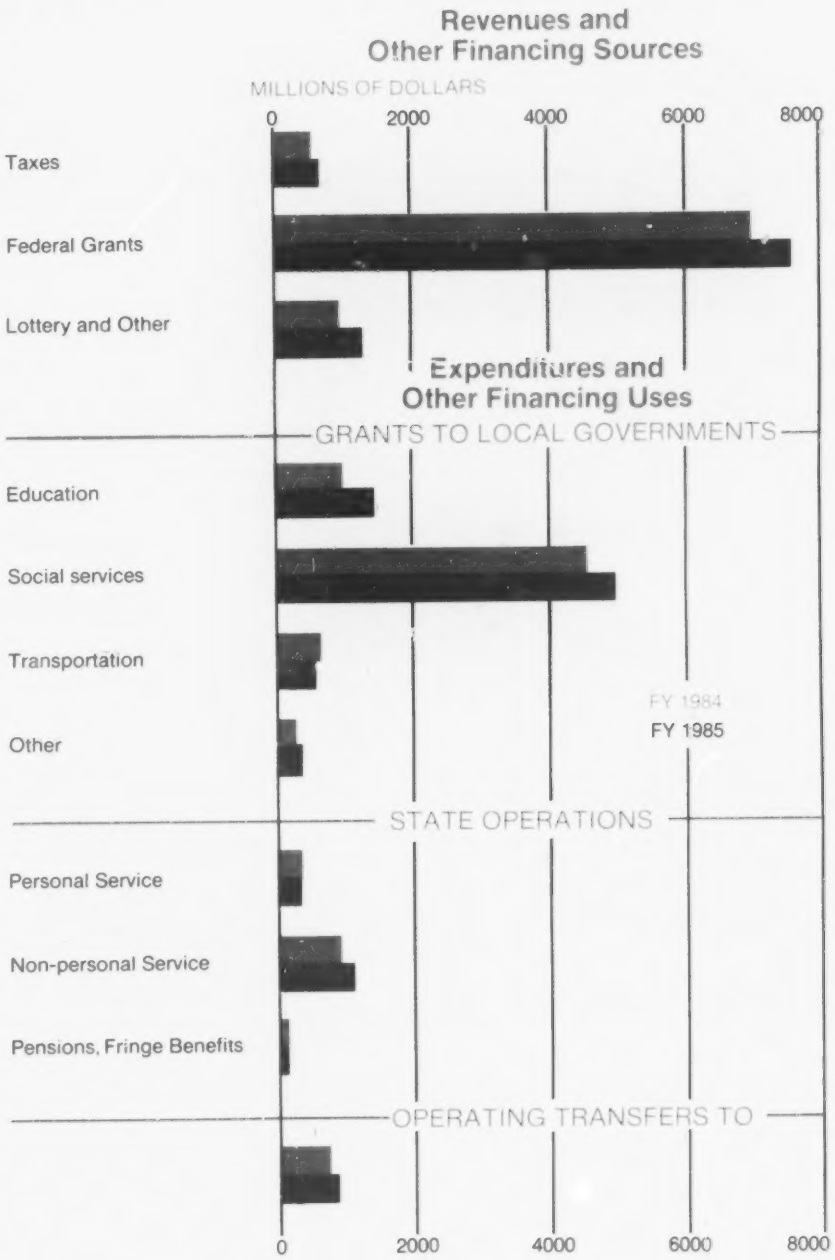
	Mental Hygiene Sheltered Workshop Account	Mental Hygiene Patient Workshop Account	Mental Hygiene Community Stores Account	Supply Support System Revolving Account	Audit and Control Revolving Account
REVENUES					
Taxes					
Personal income	$ —	$ —	$ —	$ —	$ —
General business	—	—	—	—	—
Consumption and use	—	—	—	—	—
Other	—	—	—	—	—
Federal grants	—	—	—	—	—
Miscellaneous	1,658	629	6,318	74,375	1,744
Total revenues	**1,658**	**629**	**6,318**	**74,375**	**1,744**
EXPENDITURES:					
Grants to local governments:					
Education	—	—	—	—	—
Social services	—	—	—	—	—
Non-categorical aid	—	—	—	—	—
Health and environmental	—	—	—	—	—
Transportation	—	—	—	—	—
Mental health	—	—	—	—	—
Housing and urban renewal	—	—	—	—	—
Other programs	—	—	—	—	—
Operations of state departments and agencies:					
Personal service costs	7	—	1,582	11,770	499
Non-personal service costs	1,281	394	3,143	57,528	125
Pension contribution	—	—	—	—	—
Other fringe benefits	—	—	173	3,219	173
Debt service, including payments on financing agreements	—	—	—	—	—
Total expenditures	**1,288**	**394**	**4,898**	**72,517**	**797**
Excess (deficiency) of revenues over expenditures	**370**	**235**	**1,420**	**1,858**	**947**
OTHER FINANCING SOURCES (USES):					
Operating transfers from other funds	—	—	—	—	—
Operating transfers to other funds	—	—	—	—	—
Net other financing sources (uses)	—	—	—	—	—
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	370	235	1,420	1,858	947
Fund balances (deficits) at April 1, 1984	—	—	(388)	9,503	(659)
Fund balances (deficits) at March 31, 1985	**$ 370**	**$ 235**	**$ 1,032**	**$ 11,361**	**$288**

Health Insurance Revolving Account	Correctional Industries Revolving Account	Taxation and Finance Revolving Account	Industrial Exhibit Authority Account	CUNY Unrestricted Account	Eliminations	Totals Year Ended March 31, 1985	1984
$ —	$ —	$ —	$ —	$ —	$ —	$ 10,595,7[illegible]	$ 9,411,726
—	—	—	—	—	—	3,041,525	2,710,813
—	—	—	—	—	—	5,674,695	5,212,099
—	—	—	—	—	—	885,719	584,524
—	—	—	—	—	—	78,486	41,583
6,326	34,416	12,452	982	34,615	(236,850)	1,083,557	881,499
6,326	**34,416**	**12,452**	**982**	**34,615**	**(236,850)**	**21,359,683**	**18,842,244**
—	—	—	—	—	—	5,748,479	5,453,221
—	—	—	—	—	—	4,015,808	3,515,698
—	—	—	—	—	—	948,131	877,349
—	—	—	—	—	—	217,743	202,776
—	—	—	—	—	—	325,227	296,852
—	—	—	—	—	—	345,265	306,249
—	—	—	—	—	—	83,399	73,758
—	—	—	—	—	—	416,211	418,882
3,515	6,900	6,720	548	—	—	5,303,684	4,727,448
381	25,936	2,400	478	173,695	(236,850)	2,294,869	2,067,895
—	—	—	—	—	—	661,680	662,457
990	2,179	2,159	105	—	—	833,793	676,556
—	—	—	—	—	—	247,964	236,685
4,886	**35,015**	**11,279**	**1,131**	**173,695**	**(236,850)**	**21,442,253**	**19,515,826**
1,440	**(599)**	**1,173**	**(149)**	**(139,080)**	**—**	**(82,570)**	**(673,582)**
—	—	—	—	138,767	(12,047,784)	1,544,685	1,570,756
—	—	—	—	—	12,047,784	(1,567,820)	(1,242,041)
—	**—**	**—**	**—**	**138,767**	**—**	**(23,135)**	**328,715**
1,440	(599)	1,173	(149)	(313)	—	(105,705)	(344,867)
(4,980)	(3,987)	37	238	3,834	—	(4,331,070)	(3,986,203)
$ (3,540)	**$ (4,586)**	**$ 1,210**	**$ 89**	**$ 3,521**	**—**	**$ (4,436,775)**	**$ (4,331,070)**

Boldt Castle, Thousand Islands, NY

Special Revenue Funds

Special Revenue Funds contain the largest number of individual funds, and cover a broad range of State operations (e.g., hunting and fishing licenses, special Federal grants, etc.). These funds derive their revenues largely from grants or user fees which are earmarked for specific types of expenditures, and from Federal funds received for certain State operations or for "pass-through" to local governments under State-administered Federal programs. Until fiscal 1982-83 these funds had been largely omitted from the budgetary and appropriation process.



STATE OF NEW YORK

Special Revenue Funds — Combining Balance Sheet

March 31, 1985
(Amounts in thousands) (Unaudited)

	State Lottery Fund	Miscellaneous Federal Agency Fund	Federal DHHS Fund	Federal DHHS Block Grant Fund
ASSETS:				
Cash and marketable securities	$ 10,189	$ 3,861	$ 5,710	$ 342
Receivables, net of allowances for uncollectibles:				
Taxes	—	—	—	—
Due from Federal government	—	—	989,135	58,159
Other	27,658	2	—	—
Due from other funds	—	—	—	—
Total assets	**$ 37,847**	**$ 3,863**	**$ 994,845**	**$ 58,501**
LIABILITIES:				
Tax refunds payable	$ —	$ —	$ —	$ —
Payable to local governments	—	—	273,557	41,378
Accounts payable	1,796	348	7,434	3,210
Accrued liabilities	331	108	688,183	10,111
Due to other funds	1,500	48	25,671	3,802
Deferred revenues	—	3,359	—	—
Total liabilities	**3,627**	**3,863**	**994,845**	**58,501**
EQUITY (DEFICIT):				
Fund balances (deficits)				
Reserved for:				
Encumbrances	—	406	16,204	6,820
Unreserved:				
Designated	34,220	(406)	(16,204)	(6,820)
Total equity (deficit)	**34,220**	**—**	**—**	**—**
Commitments and contingencies				
Total liabilities and equity	**$ 37,847**	**$ 3,863**	**$ 994,845**	**$ 58,501**

Federal Operating Grants Fund	Federal Emergency Jobs Fund	Conservation Fund	Environmental Protection and Oil Spill Compensation Fund	Regional Transportation Operating and Capital Assistance Fund	Clients Security Fund	Hazardous Waste Remedial Fund	Mass Transportation Operating Assistance Fund
$ 22,206	$ 608	$ 7,069	$ 14,265	$ —	$ 2,279	$ 3,528	$ 136,527
—	—	—	—	—	—	—	44,620
103,388	662	—	—	—	—	—	—
—	—	54	104	—	17	23	552
—	—	1,505	—	—	—	11	77,906
$ 125,594	**$ 1,270**	**$ 8,628**	**$ 14,369**	**$ —**	**$ 2,296**	**$ 3,562**	**$ 259,605**
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,282
73,955	—	—	—	—	—	—	—
15,931	789	714	872	—	444	220	15,032
25,690	—	964	113	—	5	130	—
10,018	481	1,034	119	—	95	108	—
—	—	—	—	—	—	—	—
125,594	**1,270**	**2,712**	**1,104**	**—**	**544**	**458**	**17,314**
20,060	8,072	2,935	3,043	—	—	2,944	4
(20,060)	(8,072)	2,981	10,222	—	1,752	160	242,287
—	—	**5,916**	**13,265**	—	**1,752**	**3,104**	**242,291**
$ 125,594	**$ 1,270**	**$ 8,628**	**$ 14,369**	**$ —**	**$ 2,296**	**$ 3,562**	**$ 259,605**

STATE OF NEW YORK

Special Revenue Funds — Combining Balance Sheet (Cont'd)

March 31, 1985
(Amounts in thousands) (Unaudited)

	Legislative Computer Services R&D Fund	Employment Training Fund	Vocational Rehabilitation Fund	Unemployment Insurance Administration Fund
ASSETS:				
Cash and marketable securities	$ 766	$ 85	$ 101	$ 362
Receivables, net of allowances for uncollectibles:				
Taxes	—	—	—	—
Due from Federal government	—	—	—	23,310
Other	6	—	—	—
Due from other funds	—	—	1	—
Total assets	**$ 772**	**$ 85**	**$ 102**	**$ 23,672**
LIABILITIES:				
Tax refunds payable	$ —	$ —	$ —	$ —
Payable to local governments	—	—	—	—
Accounts payable	6	18	12	4,013
Accrued liabilities	—	24	—	10,165
Due to other funds	—	46	71	9,494
Deferred revenues	—	—	—	—
Total liabilities	**6**	**88**	**83**	**23,672**
EQUITY (DEFICIT)				
Fund balances (deficits):				
Reserved for:				
Encumbrances	—	80	2	9,713
Unreserved:				
Designated	766	(83)	17	(9,713)
Total equity (deficit)	**766**	**(3)**	**19**	**—**
Commitments and contingencies				
Total liabilities and equity	**$ 772**	**$ 85**	**$ 102**	**$ 23,672**

Unemployment Insurance Interest and Penalty Fund	Unemployment Insurance Occupational Training Fund	Federal Job Training Partnership Fund	Sole Custody Special Revenue	Eliminations	Totals March 31, 1985	1984
$ 2,151	$ (197)	$ 136	$ 9	$ —	$ 209,997	$ 199,976
—	—	—	—	—	44,620	44,007
—	501	1,291	—	—	1,176,446	985,342
14	—	—	—	—	28,430	41,437
—	—	—	—	(3,113)	76,310	77,765
$ 2,165	**$ 304**	**$ 1,427**	**$ 9**	**$ (3,113)**	**$ 1,535,803**	**$ 1,348,527**
$ —	$ —	$ —	$—	$ —	$ 2,282	$ 7,568
—	—	—	—	—	388,890	337,198
125	—	1,172	—	—	52,136	111,790
11	—	91	—	—	735,926	595,405
3	—	164	—	(3,113)	49,541	36,650
—	—	—	—	—	3,359	13,040
139	**—**	**1,427**	**—**	**(3,113)**	**1,232,134**	**1,101,651**
309	—	4,742	—	—	75,334	56,197
1,717	304	(4,742)	9	—	228,335	190,679
2,026	**304**	**—**	**9**	**—**	**303,669**	**246,876**
$ 2,165	**$ 304**	**$ 1,427**	**$ 9**	**$ (3,113)**	**$ 1,535,803**	**$1,348,527**

STATE OF NEW YORK

Special Revenue Funds — Combining Statement of Revenues, Expenditures And Changes In Fund Balances

Year Ended March 31, 1985
(Amounts in thousands) (Unaudited)

	State Lottery Fund	Miscellaneous Federal Agency Fund	Federal DHHS Fund	Federal DHHS Block Grant Fund
REVENUES:				
Taxes:				
General business	$ —	$ —	$ —	$ —
Consumption and use	—	—	—	—
Federal grants	—	9,963	5,843,678	596,417
Lottery	1,200,904	—	—	—
Miscellaneous	—	127	13,009	—
Total revenues	**1,200,904**	**10,090**	**5,856,687**	**596,417**
EXPENDITURES:				
Grants to local governments:				
Education	614,977	—	444,674	21,171
Social services	—	6,096	4,420,729	414,787
Health and environmental	—	—	5,009	14,728
Transportation	—	—	—	—
Mental health	—	—	52	18,801
Housing and urban renewal	—	—	—	—
Other programs	—	469	67,749	49,587
Operations of state departments and agencies:				
Personal services costs	4,498	43	96,832	34,126
Non-personal service costs	597,836	10,838	99,997	37,617
Pension contributions	701	—	12,529	2,862
Other fringe benefits	732	—	14,922	3,409
Total expenditures	**1,218,744**	**17,446**	**5,162,493**	**597,088**
Excess (deficiency) of revenues over expenditures	**(17,840)**	**(7,356)**	**694,194**	**(671)**
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds	—	7,473	—	38
Operating transfers to other funds	—	(2)	(697,142)	—
Net other financing sources (uses)	**—**	**7,471**	**(697,142)**	**38**
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(17,840)	115	(2,948)	(633)
Fund balances (deficits) at April 1, 1984	52,060	(115)	2,948	633
Fund balances (deficits) at March 31, 1985	**$ 34,220**	**$ —**	**$ —**	**$ —**

Federal Operating Grants Fund	Federal Emergency Jobs Fund	Conservation Fund	Environmental Protection and Oil Spill Compensation Fund	Regional Transportation Operating and Capital Assistance Fund	Clients Security Fund	Hazardous Waste Remedial Fund	Mass Transportation Operating Assistance Fund
$ —	$ —	$ —	$ —	$ 4,288	$ —	$ —	$ 410,539
—	—	—	—	—	—	—	164,976
727,944	25,805	61	—	—	—	—	—
—	—	—	—	—	—	—	—
3,523	—	24,692	5,451	—	1,637	3,804	9,985
731,467	**25,805**	**24,753**	**5,451**	**4,288**	**1,637**	**3,804**	**585,500**
254,294	1,981	—	—	—	—	—	—
125,510	4,978	—	—	—	—	—	—
116,979	—	—	—	—	—	—	505,825
—	—	—	—	—	—	—	—
—	248	—	—	—	—	—	—
136	596	—	—	—	—	—	—
64,373	1,591	—	—	—	—	—	—
43,501	—	14,873	1,376	—	127	1,492	—
93,869	15,840	7,525	3,015	—	44	1,781	131
6,230	—	2,384	—	—	618	—	—
7,420	—	2,491	559	—	645	468	—
712,312	**25,234**	**27,273**	**4,950**	**—**	**1,434**	**3,741**	**505,956**
19,155	**571**	**(2,520)**	**501**	**4,288**	**203**	**63**	**79,544**
2	—	27	—	—	—	—	—
(21,135)	(551)	—	—	(7,328)	—	—	—
(21,133)	**(551)**	**27**	**—**	**(7,328)**	**—**	**—**	**—**
(1,978)	20	(2,493)	501	(3,040)	203	63	79,544
1,978	(20)	8,409	12,764	3,040	1,549	3,041	162,747
$ —	**$ —**	**$ 5,916**	**$ 13,265**	**$ —**	**$ 1,752**	**$ 3,104**	**$ 242,291**

STATE OF NEW YORK

Special Revenue Funds — Combining Statement of Revenues, Expenditures And Changes In Fund Balances (Cont'd)

Year Ended March 31, 1985
(Amounts in thousands) (Unaudited)

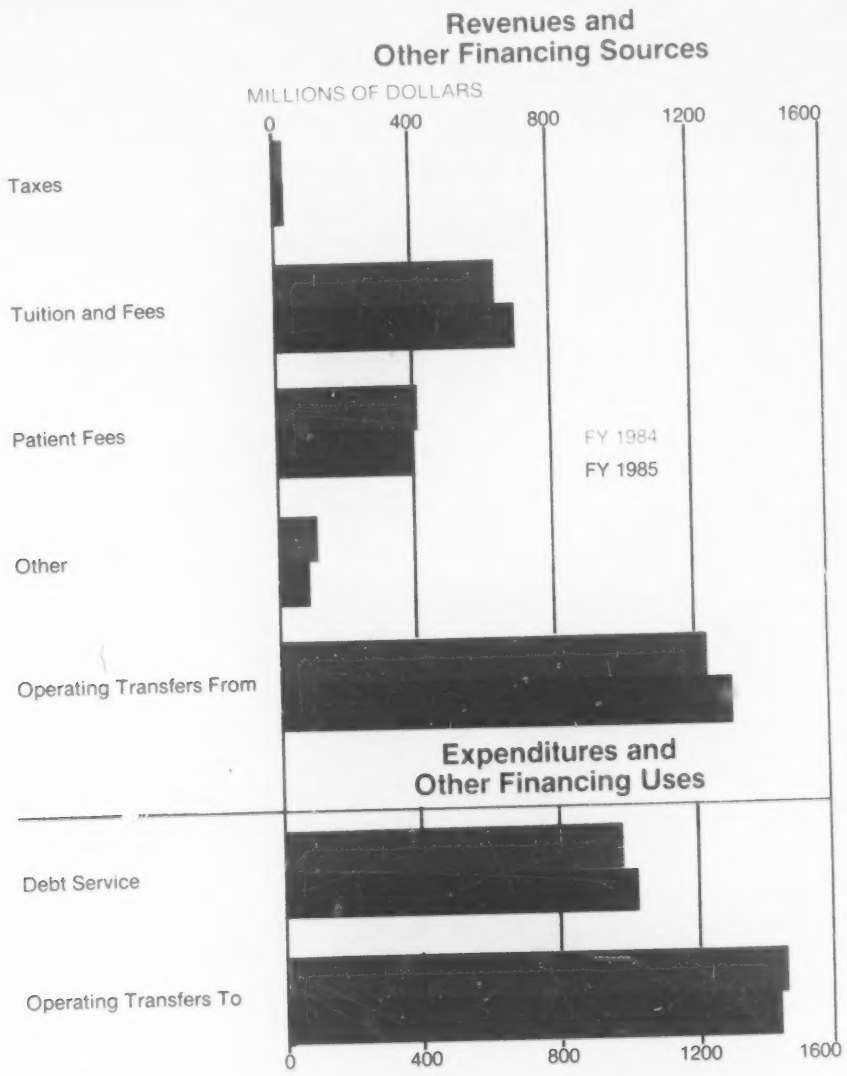
	Legislative Computer Services R&D Fund	Employment Training Fund	Vocational Rehabilitation Fund	Unemployment Insurance Administration Fund
REVENUES:				
Taxes:				
General business	$ —	$ —	$ —	$ —
Consumption and use	—	—	—	—
Federal grants	—	690	—	217,903
Lottery	—	—	—	—
Miscellaneous	283	—	179	5,826
Total revenues	**283**	**690**	**179**	**223,729**
EXPENDITURES:				
Grants to local governments:				
Education	—	—	—	—
Social services	—	—	—	—
Health and environmental	—	—	—	—
Transportation	—	—	—	—
Mental health	—	—	—	—
Housing and urban renewal	—	—	—	—
Other programs	—	—	—	—
Operations of state departments and agencies:				
Personal services costs	—	316	290	146,200
Non-personal service costs	56	257	102	44,424
Pension contributions	—	—	—	19,963
Other fringe benefits	—	46	89	23,778
Total expenditures	**56**	**619**	**481**	**234,365**
Excess (deficiency) of revenues over expenditures	**227**	**71**	**(302)**	**(10,636)**
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds	—	—	—	10,636
Operating transfers to other funds	—	—	—	—
Net other financing sources (uses)	**—**	**—**	**—**	**10,636**
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	227	71	(302)	—
Fund balances (deficits) at April 1, 1984	539	(74)	321	—
Fund balances (deficits) at March 31, 1985	**$ 766**	**$ (3)**	**$ 19**	**$ —**

Unemployment Insurance Interest and Penalty Fund	Unemployment Insurance Occupational Training Fund	Federal Job Training Partnership Fund	Sole Custody-Special Revenue	Eliminations	Totals Year Ended March 31, 1985	1984
$ —	$ —	$ —	$ —	$ —	$ 414,827	$ 406,080
—	—	—	—	—	164,976	146,232
—	14,433	174,450	—	—	7,611,344	6,925,621
—	—	—	—	—	1,200,904	900,034
5,304	51	—	—	—	73,871	46,856
5,304	**14,484**	**174,450**	**—**	**—**	**9,465,922**	**8,424,823**
—	—	5,520	—	—	1,342,617	974,446
—	—	—	—	—	4,972,100	4,531,668
—	—	—	—	—	136,716	20,294
—	—	—	—	—	505,825	643,169
—	—	—	—	—	19,101	34,247
—	—	—	—	—	732	357
—	—	82	—	—	183,851	178,512
1,106	—	1,505	—	—	346,285	355,180
3,183	7,754	157,951	2,475	—	1,084,695	934,651
—	—	—	—	—	45,287	50,846
—	—	380	—	—	54,939	67,815
4,289	**7,754**	**165,438**	**2,475**	**—**	**8,692,148**	**7,791,185**
1,015	**6,730**	**9,012**	**(2,475)**	**—**	**773,774**	**633,638**
—	74	—	—	(18,155)	95	—
—	—	(8,992)	(81)	18,155	(717,076)	(670,503)
—	**74**	**(8,992)**	**(81)**	**—**	**(716,981)**	**(670,503)**
1,015	6,804	20	(2,556)	—	56,793	(36,865)
1,011	(6,500)	(20)	2,565	—	246,876	283,741
$ 2,026	**$ 304**	**$ —**	**$ 9**	**$ —**	**$ 303,669**	**$ 246,876**

Schoharie County

Debt Service Funds

Debt Service Funds account for monies received for the purpose of paying principal and interest on State debt.



STATE OF NEW YORK

Debt Service Funds — Combining Balance Sheet

March 31, 1985
(Amounts in thousands) (Unaudited)

	General Debt Service Fund	Grade Crossing Elimination Fund	State Housing Debt Fund	Department of Health Income Fund
ASSETS:				
Cash and marketable securities	$ —	$ 10,396	$ 793	$ 8,490
Receivables, net of allowance for uncollectibles:				
Other	—	1,560	6,818	17,401
Due from other funds	—	—	—	—
Total assets	**$ —**	**$ 11,956**	**$ 7,611**	**$ 25,891**
LIABILITIES:				
Accounts payable	$ —	$ —	$ —	$ —
Accrued liabilities	—	—	—	—
Deferred revenues	—	1,191	—	—
Total liabilities	**—**	**1,191**	**—**	**—**
EQUITY (DEFICIT):				
Fund balances (deficits):				
Reserved for:				
Debt service	—	—	—	—
Unreserved:				
Designated	—	10,765	7,611	25,891
Total equity (deficit)	**—**	**10,765**	**7,611**	**25,891**
Commitments and contingencies				
Total liabilities and equity	**$ —**	**$ 11,956**	**$ 7,611**	**$ 25,891**

Emergency Highway Reconditioning and Preservation Fund	State University Dormitory Income Fund	Emergency Highway Construction and Reconstruction Fund	State University Income Fund	CUNY Construction Fund	State University Construction Fund	Facilities Development Corporation Fund	Totals March 31, 1985	Totals March 31, 1984
$ 23,622	$ 8,683	$ —	$ 115,508	$ 5,452	$ 317,615	$ 142,313	$ 632,872	$ 610,152
166	5,417	—	77,408	—	1,038	64,688	174,496	199,966
—	577	—	7,295	—	—	—	7,872	4,758
$ 23,788	**$ 14,677**	**$ —**	**$ 200,211**	**$ 5,452**	**$ 318,653**	**$207,001**	**$ 815,240**	**$ 814,876**
$ —	$ 12	$ —	$ 49	$ 53	$ —	$ —	$ 114	$ 171
—	—	—	—	350	—	—	350	3,674
—	16,248	—	42,798	—	—	—	60,237	73,104
—	**16,260**	**—**	**42,847**	**403**	**—**	**—**	**60,701**	**76,949**
—	—	—	—	—	223,412	100,520	323,932	322,368
23,788	(1,583)	—	157,364	5,049	95,241	106,481	430,607	415,559
23,788	**(1,583)**	**—**	**157,364**	**5,049**	**318,653**	**207,001**	**754,539**	**737,927**
$ 23,788	**$ 14,677**	**$ —**	**$ 200,211**	**$ 5,452**	**$ 318,653**	**$ 207,001**	**$ 815,240**	**$ 814,876**

STATE OF NEW YORK

Debt Service Funds — Combining Statement of Revenues, Expenditures And Changes In Fund Balances

Year Ended March 31, 1985
(Amounts in thousands) (Unaudited)

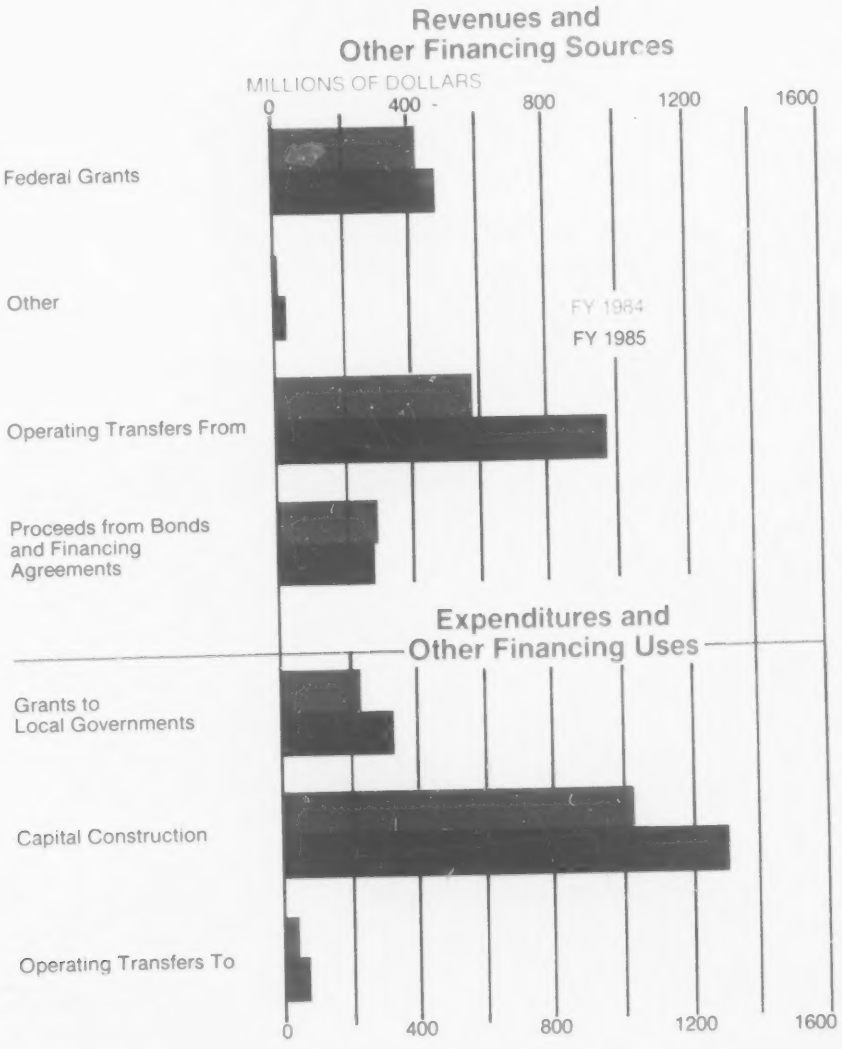
	General Debt Service Fund	Grade Crossing Elimination Fund	State Housing Debt Fund	Department of Health Income Fund	Emergency Highway Reconditioning and Preservation Fund
REVENUES:					
Consumption and use taxes	$ —	$ —	$ —	$ —	$ 12,511
Federal grants	—	—	9,863	—	—
Tuition and fees	—	—	—	—	—
Patient fees	—	—	—	57,285	—
Miscellaneous	—	11,342	38,119	1,183	1,623
Total revenues	**—**	**11,342**	**47,982**	**58,468**	**14,134**
EXPENDITURES:					
Debt service, including payments on financing agreements	702,576	1,692	43,582	7,962	2,195
Total expenditures	**702,576**	**1,692**	**43,582**	**7,962**	**2,195**
Excess (deficiency) of revenues over expenditures	**(702,576)**	**9,650**	**4,400**	**50,506**	**11,939**
OTHER FINANCING SOURCES (USES):					
Operating transfers from other funds	702,576	—	—	—	—
Operating transfers to other funds	—	—	—	(49,225)	—
Net other financing sources (uses)	**702,576**	**—**	**—**	**(49,225)**	**—**
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	—	9,650	4,400	1,281	11,939
Fund balances (deficits) at April 1, 1984	—	1,115	3,211	24,610	11,849
Fund balances (deficits) at March 31, 1985	**$ —**	**$ 10,765**	**$ 7,611**	**$ 25,891**	**$23,788**

State University Dormitory Income Fund	Emergency Highway Construction and Reconstruction Fund	State University Income Fund	CUNY Construction Fund	State University Construction Fund	Facilities Development Corporation Fund	Eliminations	Totals Year Ended March 31, 1985	1984
$ —	$ 12,511	$ —	$ —	$ —	$ —	$ —	$ 25,022	$ 25,900
830	—	774	—	—	—	—	11,467	40,791
100,763	—	422,185	203,688	234,900	—	(255,813)	705,723	639,097
—	—	192,163	—	—	151,651	—	401,099	408,318
1,176	2	9,244	—	—	—	—	62,689	48,026
102,769	**12,513**	**624,366**	**203,688**	**234,900**	**151,651**	**(255,813)**	**1,206,000**	**1,162,132**
28,739	—	190,876	67,404	221,848	50,260	(255,813)	1,061,321	992,009
28,739	**—**	**190,876**	**67,404**	**221,848**	**50,260**	**(255,813)**	**1,061,321**	**992,009**
74,030	**12,513**	**433,490**	**136,284**	**13,052**	**101,391**	**—**	**144,679**	**170,123**
—	—	—	—	—	595,115	—	1,297,691	1,234,890
(76,366)	(12,513)	(416,329)	(138,767)	(5,080)	(727,478)	—	(1,425,758)	(1,444,254)
(76,366)	**(12,513)**	**(416,329)**	**(138,767)**	**(5,080)**	**(132,363)**	**—**	**(128,067)**	**(209,364)**
(2,336)	—	17,161	(2,483)	7,972	(30,972)	—	16,612	(39,241)
753	—	140,203	7,532	310,681	237,973	—	737,927	777,168
$ (1,583)	**$ —**	**$ 157,364**	**$ 5,049**	**$ 318,653**	**$ 207,001**	**$ —**	**$ 754,539**	**$ 737,927**

Buffalo, NY

Capital Projects Funds

Capital Projects Funds including bond funds are used to account for the handling of bond and bond anticipation note proceeds and other Federal and State revenues earmarked for capital expenditures. They are subject to appropriation and the budgetary process. The cost of constructing and reconstructing various capital facilities of the State including highways, parkways, grade crossings and certain institutions are made from Capital Projects Funds. Expenditures may be financed by current revenues or from the proceeds of the sale of bond anticipation notes and permanent bonds.



STATE OF NEW YORK

Capital Projects Funds — Combining Balance Sheet

March 31, 1985
(Amounts in thousands) (Unaudited)

	State Capital Projects Fund	Energy Conservation/ Improved Transportation Bond Fund	Parks and Recreation Land Acquisition Bond Fund	Pure Waters Bond Fund	Outdoor Recreation Development Bond Fund	Transportation Capital Facilities Bond Fund	Environmental Quality Protection Bond Fund
ASSETS:							
Cash and marketable securities	$ 11,091	$ 16,351	$ 273	$ 7,198	$ 65	$ 8,231	$ 32,752
Receivables, net of allowance for uncollectibles:							
Due from Federal government	—	—	—	—	—	—	—
Other	51,447	—	—	—	—	—	—
Due from other funds	336	—	—	—	—	—	—
Marketable securities held in lieu of retainage	34,299	—	—	—	—	—	—
Total assets	**$ 97,173**	**$ 16,351**	**$ 273**	**$ 7,198**	**$ 65**	**$ 8,231**	**$ 32,752**
LIABILITIES:							
Accounts payable	$ 197,152	$ —	$ —	$ —	$ —	$ —	$ —
Accrued liabilities	1,784	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—	—
Deferred revenues	6,152	—	—	—	—	—	—
Notes payable	—	—	400	9,060	—	5,910	17,925
Total liabilities	**205,088**	**—**	**400**	**9,060**	**—**	**5,910**	**17,925**
EQUITY (DEFICIT):							
Fund balances (deficits):							
Reserved for:							
Encumbrances	1,165,241	—	1,047	—	—	—	—
Other specified purposes	51,038	—	—	—	—	—	—
Unreserved:							
Undesignated	(1,324,194)	16,351	(1,174)	(1,862)	65	2,321	14,827
Total equity (deficit)	**(107,915)**	**16,351**	**(127)**	**(1,862)**	**65**	**2,321**	**14,827**
Commitments and contingencies							
Total liabilities and equity	**$ 97,173**	**$ 16,351**	**$ 273**	**$ 7,198**	**$ 65**	**$ 8,231**	**$ 32,752**

Rail Preservation and Development Bond Fund	State Housing Bond Fund	Transportation Infrastructure Renewal Bond Fund	Federal Capital Projects Fund	Forest Preserve Expansion Fund	NYS Exposition Horse Facility Construction Fund	State University Capital Projects Fund	Special Parkway Rehabilitation Fund	Totals Year Ended March 31, 1985	1984
$ 3,088	$ 290	$ 91,774	$ 5,528	$ 341	$ 32	$ 759	$ 21,994	$ 199,767	$ 90,384
—	—	—	78,459	—	—	—	—	78,459	58,875
—	23	—	2	2	96	6	143	51,719	29,410
—	—	—	—	—	—	—	—	336	22,867
—	—	—	—	—	—	—	—	34,299	29,119
$ 3,088	**$ 313**	**$ 91,774**	**$ 83,989**	**$ 343**	**$ 128**	**$ 765**	**$ 22,137**	**$ 364,580**	**$ 230,655**
$ —	$ —	$ —	$ 48,146	$ —	$ 3	$ 175	$ 2,495	$ 247,971	$ 229,039
—	—	—	—	—	—	—	94	1,878	5,783
—	23	—	35,843	—	—	—	120	35,986	37,581
—	—	—	—	—	—	590	—	6,742	934
—	—	85,005	—	—	—	—	—	118,300	10,000
—	**23**	**85,005**	**83,989**	—	**3**	**765**	**2,709**	**410,877**	**283,337**
—	1,194	—	975,368	—	—	511	26,633	2,169,994	1,948,686
—	—	—	—	—	—	—	—	51,038	29,218
3,088	(904)	6,769	(975,368)	343	125	(511)	(7,205)	(2,267,329)	(2,030,586)
3,088	**290**	**6,769**	**—**	**343**	**125**	**—**	**19,428**	**(46,297)**	**(52,682)**
$ 3,088	**$ 313**	**$ 91,774**	**$ 83,989**	**$ 343**	**$ 128**	**$ 765**	**$ 22,137**	**$ 364,580**	**$ 230,655**

STATE OF NEW YORK

Capital Projects Funds — Combining Statement of Revenues, Expenditures And Changes In Fund Balances

Year Ended March 31, 1985
(Amounts in thousands) (Unaudited)

	State Capital Projects Fund	Energy Conservation/ Improved Transportation Bond Fund	Parks and Recreation Land Acquisition Bond Fund	Pure Waters Bond Fund	Outdoor Recreation Development Bond Fund	Transportation Capital Facilities Bond Fund	Environmental Quality Protection Bond Fund	Rail Preservation and Development Bond Fund
REVENUES:								
Federal grants	$ 61	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Miscellaneous	15,282	—	—	—	—	—	—	—
Total revenues	**15,343**	—	—	—	—	—	—	—
EXPENDITURES:								
Grants to local governments:								
Education	3,096	—	—	—	—	—	—	—
Health and environmental	85,673	—	—	—	—	—	—	—
Transportation	148,297	—	—	—	—	—	—	—
Mental health	18,040	—	—	—	—	—	—	—
Housing and urban renewal	478	—	—	—	—	—	—	—
Other programs	63,469	—	—	—	—	—	—	—
Capital construction	817,552	—	178	—	—	—	—	—
Total expenditures	**1,136,605**	—	**178**	—	—	—	—	—
Excess (deficiency) of revenues over expenditures	**(1,121,262)**	—	**(178)**	—	—	—	—	—
Other financing sources (uses):								
Operating transfers from other funds	1,126,454	—	—	—	—	—	—	—
Operating transfers to other funds	(62,032)	(62,754)	—	(25,076)	(106)	(10,273)	(59,295)	(6,304)
Proceeds of general obligation bonds	—	56,800	—	24,000	—	7,000	63,100	10,000
Proceeds from financing agreements	64,075	—	—	—	—	—	—	—
Net other financing sources (uses)	**1,128,497**	**(5,954)**	—	**(1,076)**	**(106)**	**(3,273)**	**3,805**	**3,696**
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	7,235	(5,954)	(178)	(1,076)	(106)	(3,273)	3,805	3,696
Fund balances (deficits) at April 1, 1984	(115,150)	22,305	51	(786)	171	5,594	11,022	(608)
Fund balances (deficits) at March 31, 1985	**$ (107,915)**	**$ 16,351**	**$ (127)**	**$ (1,862)**	**$ 65**	**$ 2,321**	**$ 14,827**	**$ 3,088**

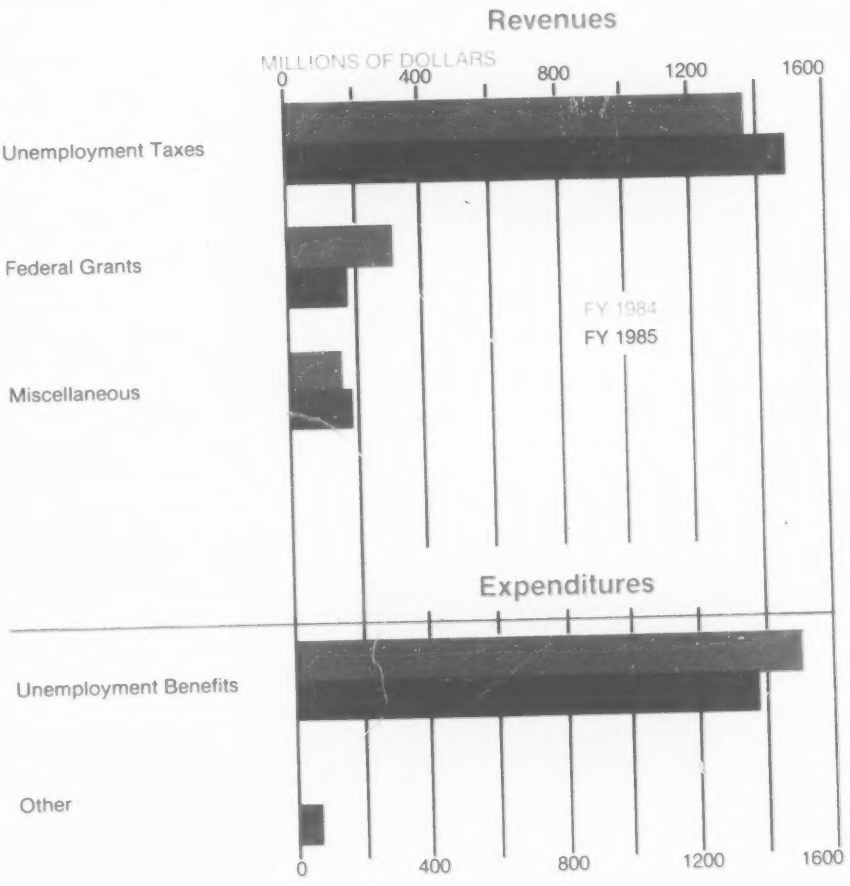
State Housing Bond Fund	Transportation Infrastructure Renewal Bond Fund	Federal Capital Projects Fund	Forest Preserve Expansion Fund	NYS Exposition Horse Facility Construction Fund	State University Capital Projects Fund	Special Parkway Rehabilitation Fund	Eliminations	Totals Year Ended March 31, 1985	1984
$ —	$ —	$ 493,644	$ —	$ —	$ 344	$ —	$ —	$ 494,049	$ 423,918
—	—	874	55	100	1,193	9,774	—	27,278	19,619
—	—	494,518	55	100	1,537	9,774	—	521,327	443,537
—	—	—	—	—	—	—	—	3,096	2,922
—	—	570	—	—	—	—	—	86,243	78,836
—	—	9,106	—	—	—	—	—	157,403	66,419
—	—	163	—	—	—	—	—	18,203	7,561
350	—	—	—	—	—	—	—	828	1,308
—	—	3	—	—	—	—	—	63,472	52,785
47	—	484,676	3	28	1,537	23,934	—	1,327,955	1,109,025
397	—	494,518	3	28	1,537	23,934	—	1,657,200	1,318,856
(397)	—	—	52	72	—	(14,160)	—	(1,135,873)	(875,319)
—	—	—	—	—	—	5,500	(204,429)	927,525	589,869
—	(37,931)	—	—	—	—	—	204,429	(59,342)	(38,717)
4,400	44,700	—	—	—	—	—	—	210,000	225,000
—	—	—	—	—	—	—	—	64,075	69,971
4,400	6,769	—	—	—	—	5,500	—	1,142,258	846,123
4,003	6,769	—	52	72	—	(8,660)	—	6,385	(29,196)
(3,713)	—	—	291	53	—	28,088	—	(52,682)	(23,486)
$ 290	$ 6,769	$ —	$ 343	$ 125	$ —	$ 19,428	$ —	$ (46,297)	$ (52,682)

Oneonta, NY

Trust & Agency Funds

Trust and Agency Funds account for resources which are held in a fiduciary or agency capacity. They are not considered governmental operating funds for accounting and reporting purposes since their assets are not available for general State purposes. These funds are generally not subject to the appropriation and budgetary process.

In addition, there are numerous funds which are administered under the sole custody of individual State officials. These funds have been created outside the State Treasury by specific legislation or administrative action and are generally held in a fiduciary (trust or agency) capacity rather than as funds whose assets are available for general State operations. Among the funds not considered to be directly related to State governmental operations are the funds for the personal needs of patients and inmates at the State's Mental Hygiene, Correction and Health facilities.



STATE OF NEW YORK

Trust and Agency Funds Combining Balance Sheet

March 31, 1985
(Amounts in thousands) (Unaudited)

	EXPENDABLE TRUST FUNDS						
	Mental Hygiene Gifts and Donations	Combined Expendable Trust Fund	New York State Interest On Lawyer Account Fund	Unemployment Insurance Benefit Account	Sole Custody Expendable Trust	Combined Student Loan Fund	Combined Nonexpendable Trust Gifts/ Bequests Fund
ASSETS:							
Cash and marketable securities	$ 1,129	$ 11,321	$ 947	$ 1,097,559	$ 222,742	$ 2,221	$ 3,503
Receivables, net of allowances for uncollectibles:							
Taxes	—	—	—	735,416	—	—	—
Due from Federal government	—	—	—	4,159	—	—	—
Other	7	81	—	47,754	7,039	88,646	25
Due from other funds	—	3	—	—	—	726	—
Total assets	**$ 1,136**	**$ 11,405**	**$ 947**	**$ 1,884,888**	**$ 229,781**	**$ 91,593**	**$ 3,528**
LIABILITIES:							
Payable to local government	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Accounts payable	83	273	7	—	—	1,055	47
Accrued liabilities	—	94	—	58,093	—	—	7
Due to other funds	—	92	8	—	—	2	10
Total liabilities	**83**	**459**	**15**	**58,093**	**—**	**1,057**	**64**
EQUITY (DEFICIT):							
Fund balances (deficits):							
Reserved for:							
Unemployment benefits	—	—	—	1,826,795	—	—	—
Other specified purposes	1,053	10,946	932	—	229,781	90,536	3,464
Total equity (deficit)	**1,053**	**10,946**	**932**	**1,826,795**	**229,781**	**90,536**	**3,464**
Commitments and contingencies							
Total liabilities and equity	**$ 1,136**	**$ 11,405**	**$ 947**	**$ 1,884,888**	**$ 229,781**	**$ 91,593**	**$ 3,528**

NONEXPENDABLE TRUST FUNDS

Winter Sports Education Trust Fund	Musical Instrument Revolving Fund	Housing Development Fund	Nursing Home Development Fund	CUNY Student Loan Fund	CUNY Endowment Fund	Sole Custody Nonexpendable Trust	Employees Health Insurance Fund	Social Security Contribution Fund	NYS Employee Payroll Withholding Fund
$ 5,195	$ —	$ 315	$ 89	$ 1,121	$ 34,052	$ 84,358	$ 66,520	$ 171,665	$ 33,451
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
38	1	2	1	23,503	53	—	430	665	12
—	—	700	—	—	—	—	—	—	894
$ 5,233	**$ 1**	**$ 1,017**	**$ 90**	**$ 24,624**	**$ 34,105**	**$ 84,358**	**$ 66,950**	**$ 172,330**	**$ 34,357**
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	55	40	—	24,929	—	580
—	—	—	—	58	—	—	42,021	172,330	33,777
—	—	—	—	—	—	—	—	—	—
—	—	—	—	**113**	**40**	—	**66,950**	**172,330**	**34,357**
—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—
5,233	1	1,017	90	24,511	34,065	84,358	—	—	—
5,233	**1**	**1,017**	**90**	**24,511**	**34,065**	**84,358**	—	—	—
$ 5,233	**$ 1**	**$ 1,017**	**$ 90**	**$ 24,624**	**$ 34,105**	**$ 84,358**	**$ 66,950**	**$ 172,330**	**$ 34,357**

STATE OF NEW YORK

Trust and Agency Funds Combining Balance Sheet (Cont'd)

March 31, 1985
(Amounts in thousands) (Unaudited)

	AGENCY FUNDS						
	Survivors Benefit Fund	Escrow Payroll Fund	Employees Dental Insurance Fund	Management Confidential Group Insurance Fund	Lottery Prize Fund	Fringe Benefit Escrow Fund	Health Insurance Reserve Receipts Fund
ASSETS:							
Cash and marketable securities	$ 471	$ 60	$ 74	$ 1,478	$ 303,593	$ 5,343	$ —
Receivables, net of allowances for uncollectibles:							
Taxes	—	—	—	—	—	—	—
Due from Federal government	—	—	—	—	—	—	—
Other	—	—	5	10	1,043	—	84
Due from other funds	—	—	37	—	—	51,480	—
Total assets	**$ 471**	**$ 60**	**$ 116**	**$ 1,488**	**$ 304,636**	**$ 56,823**	**$ 84**
LIABLITIES:							
Payable to local government	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Accounts payable	399	—	15	1,197	2,500	2,101	—
Accrued liabilities	72	60	101	291	302,136	53,846	84
Due to other funds	—	—	—	—	—	876	—
Total liabilities	**471**	**60**	**116**	**1,488**	**304,636**	**56,823**	**84**
EQUITY (DEFICIT):							
Fund balances (deficits):							
Reserved for:							
Unemployment benefits	—	—	—	—	—	—	—
Other specified purposes	—	—	—	—	—	—	—
Total equity (deficit)	—	—	—	—	—	—	—
Commitments and contingencies							
Total liabilities and equity	**$ 471**	**$ 60**	**$ 116**	**$ 1,488**	**$ 304,636**	**$ 56,823**	**$ 84**

Miscellaneous NYS Agency Fund	State Aid and Local Assistance Revenue Withholding Fund	CUNY Senior College Operating Fund	MMIS Statewide Escrow Fund	SUNY Collection Fund	CUNY Agency Fund	Sole Custody Agency	Totals March 31, 1985	Totals March 31, 1984
$ 66,543	$ 36,996	$ 6,183	$ 62,015	$ 7,480	$ 1,907	$ 1,496,614	$ 3,724,945	$ 2,970,588
—	—	—	—	—	—	—	735,416	730,474
—	—	—	—	—	—	92,042	96,201	101,129
259	—	6	520	330	30	100,122	270,666	174,584
—	—	—	—	—	—	4,349	58,189	54,757
$ 66,802	**$ 36,996**	**$ 6,189**	**$ 62,535**	**$ 7,810**	**$ 1,937**	**$ 1,693,127**	**$ 4,885,417**	**$ 4,031,532**
$ —	$ —	$ —	$ 62,535	$ —	$ —	$ 912,121	$ 974,656	$ 965,689
5,833	—	6,189	—	—	8	—	45,311	46,246
60,316	36,996	—	—	2,483	1,929	781,006	1,545,700	1,112,063
653	—	—	—	5,327	—	—	6,968	9,677
66,802	**36,996**	**6,189**	**62,535**	**7,810**	**1,937**	**1,693,127**	**2,572,635**	**2,133,675**
—	—	—	—	—	—	—	1,826,795	1,428,525
—	—	—	—	—	—	—	485,987	469,332
—	—	—	—	—	—	—	**2,312,782**	**1,897,857**
$ 66,802	**$ 36,996**	**$ 6,189**	**$ 62,535**	**$ 7,810**	**$ 1,937**	**$ 1,693,127**	**$ 4,885,417**	**$ 4,031,532**

STATE OF NEW YORK

Nonexpendable Trust Funds Combining Statement of Revenues, Expenses and Changes in Equity

Year Ended March 31, 1985
(Amounts in thousands) (Unaudited)

	Combined Student Loan Fund	Combined Nonexpendable Trusts Gifts/ Bequests Fund	Winter Sports Education Trust Fund	Musical Instrument Revolving Fund
REVENUES:				
Federal grants	$ 1,130	$ —	$ —	$ —
Miscellaneous	2,641	348	503	1
Total revenue	**3,771**	**348**	**503**	**1**
EXPENSES:				
Operations	—	425	400	—
Total expenses	**—**	**425**	**400**	**—**
Excess (deficiency) of revenues over expenses	3,771	(77)	103	1
Equity at April 1, 1984	86,765	3,541	5,130	—
Equity at March 31, 1985	$ 90,536	$ 3,464	$ 5,233	$ 1

Housing Development Fund	Nursing Home Development Fund	CUNY Student Loan Fund	CUNY Endowment Fund	Sole Custody Nonexpendable Trust	Totals Year Ended March 31, 1985	1984
$ —	$ —	$ 748	$ —	$ --	$ 1,878	$ 2,507
1,663	8	1,719	2,067	13,238	22,188	16,722
1,663	8	2,467	2,067	13,238	24,066	19,229
1,371	—	3,438	393	706	6,733	24,639
1,371	—	3,438	393	706	6,733	24,639
292	8	(971)	1,674	12,532	17,333	(5,410)
725	82	25,482	32,391	71,826	225,942	231,352
$ 1,017	$ 90	$ 24,511	$ 34,065	$ 84,358	$ 243,275	$ 225,942

STATE OF NEW YORK

Expendable Trust Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended March 31, 1985
(Amounts in thousands) (Unaudited)

	Mental Hygiene Gifts and Donations Fund	Combined Expendable Trust Fund	New York State Interest on Lawyers Account Fund	Unemployment Insurance Benefit Account	Sole Custody-Expendable Trust	Totals Year Ended March 31, 1985	1984
REVENUES:							
Unemployment taxes	$ —	$ —	$ —	$ 1,461,194	$ —	$ 1,461,194	$ 1,386,130
Federal grants	—	—	—	182,629	—	182,629	318,464
Miscellaneous	1,204	7,373	1,001	127,355	55,601	192,534	161,973
Total revenues	**1,204**	**7,373**	**1,001**	**1,771,178**	**55,601**	**1,836,357**	**1,866,567**
EXPENDITURES:							
Grants to local governments	—	74	—	—	—	74	393
Operation of state departments and agencies:							
Personal service costs	—	1,862	28	—	—	1,890	2,217
Non-personal service costs	151	3,598	33	—	60,032	63,814	41,763
Other fringe benefits	—	71	8	—	—	79	828
Unemployment benefits	—	—	—	1,372,908	—	1,372,908	1,505,422
Total expenditures	**151**	**5,605**	**69**	**1,372,908**	**60,032**	**1,438,765**	**1,550,623**
Excess (deficiency) of revenues over expenditures	1,053	1,768	932	398,270	(4,431)	397,592	315,944
Fund balances (deficits) at April 1, 1984	—	9,178	—	1,428,525	234,212	1,671,915	1,355,971
Fund balances (deficits) at March 31, 1985	**$ 1,053**	**$ 10,946**	**$ 932**	**$ 1,826,795**	**$ 229,781**	**$ 2,069,507**	**$ 1,671,915**

STATISTICAL SECTION

(Unaudited)

Rockefeller Center, NYC

STATE OF NEW YORK

Schedule of Receipts, Disbursements and Other Financing Sources (Uses)

BUDGETARY BASIS — ALL GOVERNMENTAL FUNDS
For the Five Past Fiscal Years
(Amounts in millions)

	1980-81	1981-82	1982-83	1983-84	1984-85
RECEIPTS:					
Taxes	$ 13,485	$ 15,129	$ 15,976	$18,688	$ 20,461
Miscellaneous receipts	2,138	2,735	2,273	2,471	3,031
Federal grants	6,377	6,653	6,752	7,367	7,981
Total receipts	**22,000**	**24,517**	**25,001**	**28,526**	**31,473**
DISBURSEMENTS:					
Grants to local governments	13,448	15,393	15,692	17,489	19,209
Operations of state departments and agencies	6,745	7,314	7,714	8,425	9,470
Debt service	926	914	991	1,113	1,150
Capital projects	1,188	1,157	1,419	1,334	1,737
Total disbursements	**22,307**	**24,778**	**25,816**	**28,361**	**31,566**
Receipts over (under) Disbursements	(307)	(261)	(815)	165	(93)
OTHER FINANCING SOURCES (USES):					
Bond proceeds	210	289	368	208	318
Tax and revenue anticipation note proceeds	—	—	500	(500)	—
Transfers from other funds	—	—	3,713	3,362	3,499
Transfers to other funds	—	—	(3,749)	(3,267)	(3,502)
Net sources (uses)	**210**	**289**	**832**	**(197)**	**315**
Operating receipts and other financing sources over (under) disbursements and other financing uses	**$ (97)**	**$ 28**	**$ 18**	**$ (32)**	**$ 222**

STATE OF NEW YORK

Schedule of Collections of Principal State Taxes

(Amounts in millions)

Tax	1980-81	1981-82	1982-83	1983-84	1984-85	Projected 1985-86
Personal income tax	$ 6,617	$ 8,040	$ 8,227	$ 9,417	$ 10,391	$ 11,255
Sales and use tax	2,957	3,097	3,858	3,757	4,017	4,415
Motor fuel tax	436	430	423	396	384	404
Corporate franchise tax	1,095	1,137	1,044	1,201	1,455	1,650
Cigarette tax	336	338	333	438	434	432
Corporation & utilities tax	635	783	778	929	929	999

STATE OF NEW YORK

Schedule of State Related Debt Per Capita

Fiscal Year	Total State Population (millions)	General Obligation Debt	State Guaranteed Authority Debt	Lease/Purchase and Contractual Obligation Debt	Moral Obligation Debt	Total Debt
1969-70	18.2	$ 139	$ 31	$ 105	$ 62	$ 337
1974-75	18.1	194	31	199	283	707
1979-80	17.6	206	30	222	656	1,114
1980-81	17.6	206	29	222	676	1,133
1981-82	17.6	209	28	261	711	1,209
1982-83	17.6	216	28	284	714	1,242
1983-84	17.6	213	31	303	736	1,283
1984-85	17.7	215	35	318	726	1,294

STATE OF NEW YORK

Schedule of Demographic Statistics

Years	Population (1000's)	% of U.S. Population	Per Capita Pers. Inc.	Unemploy. (1000's)	Unemploy. %
1960	16,782	9.4	2,718	—	—
1970	18,241	9.0	4,695	331	4.5
1975	18,041	8.5	6,545	727	7.5
1980	17,558	7.8	10,256	597	7.5
1981 (est)	17,556	7.6	11,466	612	7.6
1982 (est)	17,567	7.6	12,314	686	8.6
1983 (est)	17,667	7.5	12,990	691	8.6
1984 (est)	17,735	7.5	—	—	—

STATE OF NEW YORK

Schedule of Ten Largest Industrial & Commercial Employers

FIRM	LOCATION
The Chase Manhattan Corporation	New York City
Chemical Bank	New York City
Citicorp	New York City
Eastman Kodak Company	Rochester
Federated Department Stores	New York City
General Electric Company	Schenectady
General Motors Corporation	Buffalo
Grumman Corporation	Bethpage
International Business Machines	Armonk
Manufacturers Hanover Trust Company	New York City

STATE OF NEW YORK

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